

# LABOUR LAW - 2



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**OXFORD APPROACH**



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## FLANDERS – THE OXFORD APPROACH

According to this approach, the industrial relations system is a study of institutions of job regulations and the stress is on the substantive and procedural rules as in **Dunlop's model**.

Flanders, the exponent of this approach, considers every business enterprise a social system of production and distribution, which has a structured pattern of relationships. The **"institution of job regulation"** is categorised by him as **internal and external** – the former being an internal part of the industrial relations system such as code of **work rules, wage structure, internal procedure of joint consultation, and grievance procedure**.

He views trade unions as **an external organisation and excludes collective agreements from the sphere of internal regulation**. According to him, **collective bargaining is central to the industrial relations system**.

The **"Oxford Approach"** can be expressed in the form of an equation –  $r = f(b)$  or  $r = f(c)$  where,  **$r$  = the rules governing industrial relations**

**b = collective bargaining**

**c = conflict resolved through collective bargaining.**

The **rules of the industrial relations system were determined through the rule making process of collective bargaining**. **Collective bargaining** was considered as **apex** to the industrial relations system. **Collective bargaining** as per this approach is considered as **a political institution involving power relationships between the employer and the employees**.

## **CRITICISM**

The “Oxford Approach” can be criticised on the ground that it is too narrow to provide a comprehensive framework for analysing industrial relations problems.

It over emphasises the significance of the political process of collective bargaining in and gives insufficient weight to the role of the deeper influences in the determination of rules. Institutional and power factors are viewed as of paramount importance, while variables such as technology, market, status of the parties, and ideology, are not given any prominence.





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## Psychological Approach



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## PSYCHOLOGICAL APPROACH

This approach considers each member of the industry as an individual with his/her own unique set of beliefs, values and personality. Such individual differences serve as potential factors affecting the morale, motivation, productivity, and interpersonal relationships at work.

According to psychologists issues to industrial relations have the differences in the perception of management, unions and rank and file of workers. The perpetual differences arise due to differences in personalities, attitudes, etc. Similarly, factors like motivation, leadership, group versus individual goals, etc., are responsible for industrial conflicts.

**Mason Haire** has given the psychological approach to industrial relations. According to him, the problems in industrial relations arise due to perceptions of the management, unions and the workers. These perceptions may be about the person, the situation or the issues involved in the conflict. The perceptions of management and the trade union may differ because the same position may appear entirely different to the other party. Some aspects of the situation may be magnified or suppressed or distorted by either party. Hence conflicts and clashes may arise.

The amount of satisfaction the workers get from this job depends upon many factors like the nature of his work, his attitude towards work, working conditions, wages, job security relationship with the union and the co-workers and the behaviour of the boss etc.

If the worker is not satisfied with the prevailing conditions, he may be dragged to dissatisfaction and frustrations. Frustrations get expressed in aggressive actions like strikes, arson, looting, destruction of property etc. Hence as per the psychological approach, industrial peace is the result of correct perceptions and attitudes of both the parties i.e., the management and the workers.

The quality of Industrial Relations as per psychologists, depends upon the perceptions, attitudes and philosophy of the management and trade unions. The reasons of strained industrial relations may be due to inhuman approach of management and the rigid stand of the Trade Unions.

**The National Planning Association of U.S.A.** conducted a survey of several industrial concerns to find out factors affecting industrial relations.

**Their findings are:**

1. The management must accept the concept of collective bargaining in the organisation.
2. The management must ensure that there is mutual trust and confidence between management and the trade union.
3. Even the unions must fully accept the organisations as their private ownership and should do all possible things to enhance the goodwill and prosperity of the organisation.
4. Neither the management nor the trade unions should adopt legalistic and highly rigid approach while doing collective bargaining.
5. There must be constant consultation and information sharing between the management and the worker's union.

6. It must be ensured that the grievances are promptly settled at the level of plant/workshop.
7. It would be highly beneficial if the grievances handling procedure could be flexible, simple and informal.
8. Management should not interfere in the internal matters of the union.
9. The environmental factors do not by themselves bring peace but they create conditions to develop it, so it must never be ignored.
10. It must be understood that Industrial peace is the result mainly of attitudes of the two parties rather than any other external factors/forces. So all attempts should be made to keep the attitude highly positive and accommodative.



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## Action Theory Approach



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## **Henry Sanders – the Action Theory Approach**

Like the systems model, the action theory approach takes the collective regulation of industrial labour as its focal point.

The actors operate within a framework, which can at best be described as a coalition relationship.

The actors, it is claimed, agree in principle to cooperate in the resolution of the conflict, their cooperation taking the form of bargaining.

Thus, the action theory analysis of industrial relations focuses primarily on bargaining as a mechanism for the resolution of conflicts.

Whereas, the systems model of industrial relations constitutes a more or less comprehensive approach, it is hardly possible to speak of one uniform action theory concept.

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## Human Resource Management Approach

The term, human resource management (HRM) has become increasingly used in the literature of personnel/industrial relations. The term has been applied to a diverse range of management strategies and, indeed, sometimes used simply as a more modern, and therefore more acceptable, term for personnel or industrial relations management.

Some of the components of Human Resource Management are –

- (a) Human Resource Organisation;
- (b) Human Resource Planning;
- (c) Human Resource Systems;
- (d) Human Resource Development;
- (e) Human Resource Relationships;
- (f) Human Resource Utilisation;
- (g) Human Resource Accounting;
- (h) Human Resource Audit.

This approach emphasises individualism and the direct relationship between management and its employees. Therefore, it questions the collective regulation basis of traditional industrial relations.

## **Sociological Approach to IR**

Industry is a social world in miniature, organisations are communities of individuals and groups with differing personalities, educational and family backgrounds, emotions, sentiments, etc., these differences in individuals create problems of conflict and competition among the members of industrial societies.

Issues in the field of Industrial Relations are complex, demanding, and multidisciplinary in nature. Several factors such as – social, cultural, political and government can affect the dynamics of Industrial Relations.

The industry has society like characteristics and community alike features in terms of relationship dynamics, hierarchy, and transactions.



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## Social Action Approach



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## **Max Weber – Social Action Approach**

The social action approach of Weber has laid considerable importance to the question of control in the context of increasing rationalisation and bureaucratization.

Closely related to Weber's concern related to control in organisations was his concern with "power of control and dispersal". Thus, a trade union in the Weber's scheme of things has both economic purposes as well as the goal of involvement in political and power struggles.

Some of the major orientations in the Weberian approach have been to analyse the impact of techno-economic and politico-organisational changes on trade union structure and processes, to analyse the subjective interpretation of workers' approaches to trade unionism and finally to analyse the power of various components of the industrial relations environment – government, employers, trade unions and political parties.

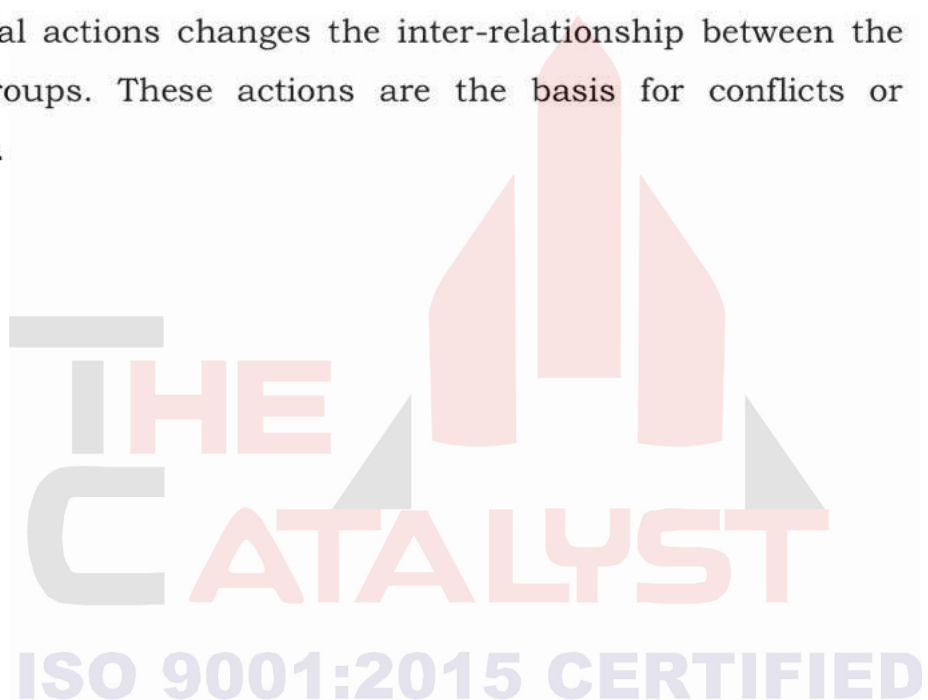
Thus, the Weberian approach gives the theoretical and operational importance to "control" as well as to the power struggle to control work organisations – a power struggle in which all the actors in the industrial relations drama are caught up.

The social action model has its origin in Weberian sociology. The social approach stresses the way in which an individual influences the social structure and makes the society. This approach attempts to study the behavioural influences. Behaviour at work gets influenced by the quality of human relations management and the nature of technology. As industries develop, a new industrial



cum social pattern emerge which provides new behavioural pattern and new techniques of handling human resources.

Industrial peace, itself, may not ensure healthy industrial relations. There may not be strikes for a long time in an industrial unit, but there may be internal tensions that affects the social actions of the employees and may corrode the essence of industrial relations. New values have been added about the role of industry and unions in modern society. The role of the State and political parties have also been redefined in the light of these changes. These social actions changes the inter-relationship between the interest groups. These actions are the basis for conflicts or consensus.



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## Labour Movements



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The labour movement till 1918 was strictly constitutional and relied mainly on moderate methods such as petitions memoranda, committees, commissions, investigations and legal enactments.

The most noticeable features of the period (1875-1918) were:

(1) Complete absence of radicalism in the labour movement. The methods used by the workers were "characterised by a tendency to petition, memorials and seek redress of grievances by mild pressure. These methods reflect the influence of leaders like Shapurjee Bengali, Naryan Meghajee Lokhanday, S.N.Banerjee and others who were all political moderates and law abiding persons. They were rather social workers desirous to serve the society through, amelioration. With these characteristics the labour movement could hardly tackle such problems as excessive hours of work, few holidays, irregular payment of wages, incompetency of mill managers, inadequate fencing of machinery and the ill-ventilated and filthy state of many workplaces.

(2) The movement depended greatly on external philanthropy "Philanthropic agitation was the fore-runner of labour movement in India and having originated in philanthropy its motive force was sympathy rather than justice. Born of philanthropy, it was a movement for the worker rather than by the workers.

(3) Due to lack of definite aims and constitution, most of the organisations were unstable and of loose type. Once the particular grievance was settled the association would disband.

(4) There was little conception of permanent trade union membership, the payment of dues or organised collective bargaining. The Bombay Millhands Association had no existent as an organised body, having no roll of membership, no fund, no rule.

(5) The movement developed mostly among the educated class of workers such as the postal clerks and railway employees. It, however, did not make much progress in organised industries like mining, plantations and textiles.

(6) The early leadership was provided by three types of persons. First, intellectuals such as lawyers, reformers, editors, teachers and preachers, who readily came forward to organise and lead the workers. Second, the careerists, who saw in the needs of workers

opportunities for furthering their own ends, jumped in, masquerading as labour leaders. The third group from which labour leaders emerged consisted of politicians and nationalists like B.P.Wadia, V.v.Giri, M.Vardarajulu Naidu, B.Shiv Rao, Annie Besant and B.G.Tilak.

The All India Trade Union Congress (AITUC) is the oldest trade union federations in India. It is not affiliated to any political party. According to provisional statistics from the Ministry of Labour, AITUC had a membership of 2,677,979 in 2002.

It was founded on 31 October 1920 with Lala Lajpat Rai as its first president in Bombay by Lala Lajpat Rai, Joseph Baptista, N. M. Joshi, Diwan Chaman Lall and a few others and, until 1945 when unions became organised on party lines, it was the primary trade union organisation in India. Since then, it has been associated with the Communist Party of India.

AITUC is a founder member of the World Federation of Trade Unions. Today, its institutional records are part of the Archives at the Nehru Memorial Museum & Library, at Teen Murti House, Delhi.

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## History of Labour Movement



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The growth and development of labour movement and that of trade unions in India can be studied under the following stages:

**(1) Period upto 1<sup>st</sup> World War (from 1875 to 1918)**

Due to the development of large-scale industries, many social evils like employment and exploitation of woman and child labour erupted in India who work in the deplorable conditions, more likely worse than the conditions of labour in England. Workers were not organised at that time and were very often at the mercy of the employers.

The **first concerted action** was taken in **1875** under the leadership of **Sorabji Shaparji** who along with some social workers started the agitation to draw the attention of the Government to the deplorable conditions of woman and child labour in Indian industries. Strikes were not absent even in the 19th century. In **1877**, workers of **The Empress Mills at Nagpur** **observed a strike over wage rates**.

One of the important incidents in the eighties was the holding of the labour conference in **1884** in Bombay under the leadership of **N.M. Lokhande** who was a factory worker. A Memorandum was submitted to the **Second Factory Commission** to highlight the poor conditions of the workers, but no improvement was noticed. As a result, **a mass meeting** was organised in **Bombay** on April 21, 1890 which was attended by about 10,000 workers.

The meeting passed a resolution demanding:

- (i) One weekly off day,
- (ii) Half an hour's rest at noon,
- (iii) Reduction in working hours,
- (iv) Payment of wages not later than the 15th day of the month
- (v) Compensation to injuries sustained by a worker on duty.

The mill owners agreed to grant a weekly holiday to textile workers. Encouraged by this success, the **Bombay Millhand Association was formed in 1890 by Shri N. M. Lokhande – 1<sup>st</sup> trade union** in India. Mr. Lokhande also started the workers' first newspaper, known as **DINABANDHU**; the purpose was to place the legitimate grievances of the workers before the authorities and also to educate the workers.

This was the memorable achievement in the trade union movement in India prior to 20<sup>th</sup> century which made an impact throughout the country. The period 1882 to 1890, had witnessed 24 strikes in the two provinces of Bombay and Madras.

In subsequent years, a number of unions were formed such as:

- (a) The Amalgamated Society of Railway Servants of India and Burma (for European and Anglo-Indian railway employees);
- (b) The Printers' Union of Calcutta, 1905;
- (c) The Bombay Postal Union at Calcutta and Madras, 1907;
- (d) The Kamgar Hitwardhak Sabha, 1909; and
- (e) The Social Service League, 1910.

However, these were sporadic organisations and could not make the real start in the labour movement. The leaders of such organisations were primarily social reformers and law-abiding persons and belonged to moderate school of politics. The objectives of these associations were to promote welfare activities.

Actually, these associations were not trade unions. They focused attention of the public to the necessity of improving the working conditions in the factories and laid foundations for the establishment of trade unions, which came into existence after the First World War.

## **(2) Between the Two Great Wars (1918-1938)**

After the First World War trade union movement got intensified and the leadership of trade unions passed from the hands of social workers into the hands of politicians. That was the year of labour unrest all over the country.

The factors responsible for this situation were:

- (i) The industrial unrest grew up, as a result, grave economic difficulties created by the war. The rising cost of living prompted the workers to take collective action for the increase in their wages.
- (ii) The Swaraj Movement also intensified the movement, widened the gulf between employers and employees and brought about mass awakening among the workers demanding racial equality with their British employers.



(iii) The success of Russian Revolution 1917 also created a revolutionary wave of ideas, class consciousness and self-respect among workers.

(iv) The establishment of the **International Labour Organisation in 1919** gave dignity to the workers all over the world and inspired the Labour movement.

(v) The non-cooperation movement of Mahatma Gandhi during 1920-21 and his support to the demands of working class also greatly influenced the labour movement.

At about 1920, a number of trade unions were formed. The **Madras Textile Labour union was formed in 1918 by B.P. Wadia** which led the formation of another 14 unions during 1918-19. The active association of Mahatma Gandhi with the Ahmedabad Textile Labour Association gave a new turn to the labour movement by applying the principle of non-violence.

The Government nominated some delegates to the **first conference of the International Labour Organisation (ILO) in Washington** in 1919 without considering the then existing trade unions. As a result, all the 64 trade unions with a membership of 1,40,854 met in Bombay and established the **All India Trade Union Congress (AITUC) on 30<sup>th</sup> October, 1920** as a central organisation of trade unions.

The move was **supported by** a number of leaders of All India Congress including **Sri Jawaharlal Nehru, Motilal Nehru, Guljari Lai Nanda, Sardar Vallabh Bhai Patel, C.R. Das etc.** The main aim of this association was to facilitate the selection of delegates to ILO and also coordinating the functions of individual trade unions.

The ILO in 1921 adopted a resolution which emphasised that the labour should be given full freedom to form a union. Thus, trade union movement gets great momentum during 1920's. The number of unions had grown to 167 claiming a membership of 2.23 lakh workers in 1924.

In **1926**, the **Trade Union Act** was passed and a period of **regulated trade unionism started**. It was a central law which provided a legal status to the registered trade unions and conferred

on them and their members a measure of immunity from civil suits and criminal prosecutions.

This improved the image of trade unions in the public. The Act was proved a boon to the trade unionism in India. The existing trade unions were registered under the Act and tried to get them recognised. Apart from it, several new unions came into being.

By 1929, AITUC was the only central trade union. In **1930**, there was a ***split in the AITUC*** on account of ideological differences which prompted the creation of a new organisation in the name of **All India Trade Union Federation (AITUF)** under the leadership of **Sh. N.M. Joshi**. The AITUF was *renamed* as **Nation Trade Union Federation (NTUF) in 1933**.

With the formation of AITUF, the strength of the AITUC was reduced to 21 unions with a membership of 94,000 only. In 1931, there was another rift in the AITUC at the Calcutta session due to the fundamental differences between the communist and the left wing unionists. The **communists led by B.T. Ranadive and S.V. Deshpande formed** a new organisation named **Red Trade Union Congress (RTUC)**.

Thus, at this time there were 3 central labour organisations i.e. AITUC, AITUF and RTUC and there were some other independent organisations like the All India Railwaymen's Federation (AIRF) and the Textile Labour Association (TLA) of Ahmedabad.

**After the first split of AITUC, efforts were made towards trade union unity through the Roy group.** The lead was taken by the All India Railwaymen's Federation (AIRF) which was a neutral body. It formed a **Trade Union Unity Committee in 1932** at its **Bombay conference**. By the efforts of AIRF, certain broad conclusions were drawn which were agreeable to both the wings of the labour i.e., AITUF and the AITUC.

The final decision was taken in **1933**, when a new body in the name of the **National Federation of Labour (NFL)** was formed. The AITUF and the railway unions amalgamated with the NFL under the new name National Trade Union Federation (NTUF). The AITUC and the RTUC, however, were unconcerned with this development.



The division in the labour movement proved very costly. In 1933, more than 50,000 workers in Bombay city were thrown out of employment and the wage rates were cut drastically under these circumstances, the period was very critical and needed unity efforts. In 1935, the RTUC was merged into the AITUC which was recognised by then as the central organisation.

In **1937**, there were general elections and the **INC** pledged in its **manifesto** that if it was voted to power, it would improve the lot of workers by **improving their living standard, working conditions, and by providing security against old age, sickness and unemployment.**

As a result of this alluring manifesto, the Congress came to power in Seven States. There was a big upsurge of industrial unrest culminating in big strikes. In 1937, there were 379 strikes involving about 6.47 lakh workers and resulting in a loss of about 89.82 lakh man days.

In **1938**, there was another unity move through the efforts of **V.V. Giri**, the AITUC in its **Nagpur session** finally accepted the terms for merger as laid down by the NTUF.

### **(3) During and After the Second World War (1939-1947)**

The Second World war which broke out in September 1939, created new status in the united trade union movement. The leaders of the various factions in the AITUC again divided on the question of whether the AITUC should support the Government on war. Again, a **rift took place in 1941** and the **Radicals left the AITUC** and formed a new central labour federation known as the **Indian Federation of Labour (IFL).**

The shifts in the national political situation, continued to affect the Indian labour movement. The political situation compelled the communists of India to support the Government on war issue and leadership of AITUC which was in the hands of Indian National Congress, fell into the hands of communists.

During war-time, the trade unions consolidated their position due to certain factors namely:



- (i) The Government and a number of employers launched a number of welfare measures in a bid to increase production of war materials and other essential goods and to maintain high profits;
- (ii) Recognition was awarded by many employers to gain the support of workers in production. It gave strength to unions;
- (iii) The Defence of India Rule 81-A was promulgated prohibiting the strikes and lockouts and providing that all disputes would be referred to adjudication and their rewards would be enforced;
- (iv) A tripartite Labour Conference was convened in 1942, for the first time, to provide a common platform for discussion and mutual understanding between employers and employees.

During war time, the trade union strength grew 865 upto 1944-45 with a membership of 8.89 lakh workers.

In 1947, the Indian national Trade Union Congress (INTUC) was formed as a labour wing of The Indian National Congress.

#### **(4) Post Independence Period (1947 to date)**

Independence and the partition of the country shattered the hope of the workers for securing high wages and better working conditions from the national Government. In order to retain the amenities already earned by the workers, a series of strikes swept the country in 1947 in which 165.63 lakh man-days were lost and 18.41 lakh workers were involved.

In post-independence period, various political parties formed and kept control over various trade unions. In 1948, when socialist group broke away from the congress in 1948 and formed a new political party i.e., Praja Socialist party.

The trade union leaders working in the INTUC and were supporters of the newly formed political party, seceded from it and formed a new central trade union organisation called the Hindustan Mazdoor Panchayat (HMP). The HMP and the Indian Federation of Labour merged together in the name of Hind Mazdoor Sabha (HMS) in 1948.

In 1949, the radicals and leftist groups, which did not agree with the principles of both AITUC and HMS left the AITUC and formed

another organization in the name of United Trade Union Congress (UTUC) on 30th April 1949.

On a close observation, one can realise that the trade union movement in India has become politically motivated. Hence any split in a political party leads to the same type of split in the trade union dominated by that party.

Thus, by 1949, there were four central organisations led by different political parties i.e., the INTUC led by Congress, the AITUC dominated by the communists, the HMS, affiliated to the Socialist party and the UTUC, led by the Revolutionary Socialist party. It was an indication that the political involvement in trade union movement still continued. After 1952, a number of efforts were made for bringing about some unity in the movement but all failed.

In 1959, a few unions led by the members of the Socialist party seceded from the HMS and formed Hind Mazdoor Panchayat, an organisation of Samyukta Socialist Party. In 1962, a new organisation called Confederation of Free Trade Unions (CFTU) was formed with the support of Swatantra Party.

There was again a rift in the AITUC in 1970 when the Communists divided into CPI and CPM. The CPI held the AITUC and the CPM formed a new central organisation: the Centre of Indian Trade Union (CITU).

In 1972, the Indian National Congress split in two groups, resulting in the division of INTUC in two groups. The ruling Congress retained its control over the INTUC and the organisation Congress formed a new union: National Labour Organisation (NLO). Unions in Gujarat and Kerala are affiliated to this union (NLO).

Another interesting development took place in May 1972, when a limited accord was reached between the AITUC, the INTUC and the HMS regarding the procedure to be followed for the recognition of trade unions. As a result, a National Council of Central Trade Unions (NCCTU) was formed with representative of the AITUC, INTUC and HMS. The basic idea behind it was to isolate the CITU.



The CITU, soon set up a United Council of Trade Unions (UCTU) in September; 1972 as a rival body of NCCTU.

After the declaration of Emergency again, the INTUC, the AITUC and the HMS combined and joined with the Employers' representatives on what was called the National Apex Body. This body ceased to exist as soon as the state of Emergency was lifted.

### **Present Scenario of the Trade Union Movement**

The Indian Trade unions have now got a legal status and now they are not as ad-hoc bodies or strike committees. They have now become a permanent feature of the industrial society. They have succeeded in organising Central Union Federations which help in the determination of principles, philosophy, ideology and purposes of the unions and give some sense of direction to the otherwise scattered and isolated unions.

The unions now have gained a remarkable status in the labour movement. Now, the Government and the employers consult them on all matters concerning labour. Unions also participate in formulating policies and ideologies at State and National levels. Due to various reasons such as affiliation to a political party etc., led to multiplicity of unions in post-independence period.

Through the status, the unions have now gained; they have influenced public policy, labour and industrial legislations. They have succeeded in evolving suitable machinery of joint consultation to negotiate various issues between labour and management.

In the modern industrial society, the importance of trade unions have been recognised which have diminished interest in political matters. Subtle changes are visible in the pattern of political unionism.

These changes have manifested in three ways:

(i) Political leaders have secondary interest in labour union activities. Now more emphasis has been paid to labour leadership by giving more attention to the improvement of union cadre, finances and training in official administration.

(ii) The national federations have shown keen interest in long term activities, even maintaining their rival character. Now federations arrange for the training of workers.

(iii) Now trade unions function as autonomous units rather than simply as appendage of political parties.

### **Central Trade Unions:**

At present, there is a number of central trade union organisations but five major central trade unions each having a membership of above 5 lakhs and all India character.

The central organisations are:

- The All India Trade Union Congress (AITUC), The Indian National Trade Union Congress (INTUC),
- the Centre of Indian Trade Union (CITU),
- the Bharatiya Mazdoor Sangh (BMS)
- the Hind Mazdoor Sabha (HMS).

All these organisations are being controlled by different political parties.

Besides, there are various registered federations of unions in various industries and occupations, not affiliated to any central organisations. These are:

- The All India Bank Employees Association,
- National Federation of Indian Railwaymen,
- All India Port and Dock Workers Federation,
- National Federation of Post and Telegraph Workers,
- All India Mine Workers Federation,
- Indian Federation of working socialists, etc.

The main elements in the development of trade unions of workers in every country have been more or less the same. The establishment of large-scale industrial units created conditions of widespread use of machinery, undertaking production with new techniques, changes in working and living conditions, environments of workers and concentration of industries in large towns. All these circumstances laid to the introduction of a new class of workers who were dependent on wages for their livelihood. Such workers were at a disadvantage in an age when the doctrine of laissez faire held the field. In the absence of collective action, they had to be content with the wages which each one of them could separately negotiate with his employer from a position of disadvantage. Under the circumstances even though individual workers protested, it could not be proven effectively, because of a plentiful supply of labour. Workers had to join together to maintain their bargaining power against the employer.





The labour movement till 1918 was strictly constitutional and relied mainly on moderate methods such as petitions memoranda, committees, commissions, investigations and legal enactments.

The most noticeable features of the period (1875-1918) were:

(1) Complete absence of radicalism in the labour movement. The methods used by the workers were "characterised by a tendency to petition, memorials and seek redress of grievances by mild pressure. These methods reflect the influence of leaders like Shapurjee Bengali, Naryan Meghajee Lokhanday, S.N.Banerjee and others who were all political moderates and law abiding persons. They were rather social workers desirous to serve the society through, amelioration. With these characteristics the labour movement could hardly tackle such problems as excessive hours of work, few holidays, irregular payment of wages, incompetency of mill managers, inadequate fencing of machinery and the ill-ventilated and filthy state of many workplaces.

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(3) Due to lack of definite aims and constitution, most of the organisations were unstable and of loose type. Once the particular grievance was settled the association would disband.

(4) There was little conception of permanent trade union membership, the payment of dues or organised collective bargaining. The Bombay Millhands Association had no existent as an organised body, having no roll of membership, no fund, no rule.

(5) The movement developed mostly among the educated class of workers such as the postal clerks and railway employees. It, however, did not make much progress in organised industries like mining, plantations and textiles.

(6) The early leadership was provided by three types of persons. First, intellectuals such as lawyers, reformers, editors, teachers and preachers, who readily came forward to organise and lead the workers. Second, the careerists, who saw in the needs of workers

opportunities for furthering their own ends, jumped in, masquerading as labour leaders. The third group from which labour leaders emerged consisted of politicians and nationalists like B.P.Wadia, V.v.Giri, M.Vardarajulu Naidu, B.Shiv Rao, Annie Besant and B.G.Tilak.



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## Trade Union: Meaning, Objectives and Benefits

### Meaning and Definition of Trade Union:

A trade union is an association of workers formed with the object of improving the conditions of workers. It is formed for protecting the interests of workers. Workers have little bargaining capacity when they are unorganized. In fact, trade union movement began against the exploitation of workers by certain managements under the capitalist system.

The trade union has been defined by different authors as follows:

(1) Webb:

Trade union may be defined as “a continuous association of wage earners for the purposes of maintaining or improving the conditions of their working lives.”

(2) Lester:

“A trade union is an association of employees designed primarily to maintain or improve the condition of employment of its members.”

(3) Indian Trade Union Act 1926:

“Any combination whether temporary or permanent formed primarily for the purpose of regulating the relations between the workmen and employers”.

### Objectives of Trade Union:

The following are the objectives of trade union:

- (1) To improve the economic lot of workers by securing them better wages.
- (2) To secure for workers better working conditions.
- (3) To secure bonus for the workers from the profits of the enterprise/organization.
- (4) To ensure stable employment for workers and resist the schemes of management which reduce employment opportunities.
- (5) To provide legal assistance to workers in connection with disputes regarding work and payment of wages.
- (6) To protect the jobs of labour against retrenchment and layoff etc.
- (7) To ensure that workers get as per rules provident fund, pension and other benefits.
- (8) To secure for the workers better safety and health welfare schemes.
- (9) To secure workers participation in management.
- (10) To inculcate discipline, self-respect and dignity among workers.



- (11) To ensure opportunities for promotion and training.
- (12) To secure organizational efficiency and high productivity.
- (13) To generate a committed industrial work force for improving productivity of the system.

**Functions of Trade Unions:**

- (1) Collective bargaining with the management for securing better work environment for the workers/ employees.
- (2) Providing security to the workers and keeping check over the hiring and firing of workers.
- (3) Helping the management in redressal of grievances of workers at appropriate level.
- (4) If any dispute/matter remains unsettled referring the matter for arbitration.
- (5) To negotiate with management certain matters like hours of work, fringe benefits, wages and medical facilities and other welfare schemes.
- (6) To develop cooperation with employers.
- (7) To arouse public opinion in favour of labour/workers.

**Benefits of Trade Union:**

Workers join trade union because of a number of reasons as given below:

- 1. A worker feels very weak when he is alone. Union provides him an opportunity to achieve his objectives with the support of his fellow colleagues.
- 2. Union protects the economic interest of the workers and ensures a reasonable wage rates and wage plans for them.
- 3. Union helps the workers in getting certain amenities for them in addition to higher wages.
- 4. Union also provides in certain cases cash assistance at the time of sickness or some other emergencies.
- 5. Union organize negotiation between workers and management and are instruments for settlement of disputes.
- 6. Trade union is also beneficial to employer as it organizes the workers under one banner and encourages them follow to peaceful means for getting their demands accepted.
- 7. Trade union imparts self-confidence to the workers and they feel that they are an important part of the organization.
- 8. It provides for promotion and training and also helps the workers to go to higher positions.

9. It ensures stable employment for the workers and opposes the motive of management to replace the workers by automatic machines.

10. Workers get an opportunity to take part in the management and oppose any decision which adversely affects them.

A trade union is an association of workers formed for the purpose of protecting the rights of the workers and improving their economic conditions.

It can be defined as permanent organisation which tries to:

- (i) Improve economic conditions of labour,
- (ii) Promote labour welfare, and
- (iii) Protect the interest of workers by other means. Trade unions try to protect labourers' interest and promote labour welfare in various ways.

In this sense, trade unions are formed to overcome weakness of labour, viz., weak bargaining power of an individual worker, impossibility of storing labour power for obtaining better price (i.e., securing higher wages), and excess supply of labour (or existence of surplus labour) which makes it possible for the employer to exploit workers with ease. Thus a trade union is a "voluntary organisation of workers formed to promote and protect their interests by collective action."

Nowadays, the terms and conditions of work of the labourers are settled by negotiation between an employer or an employer's organisation with the trade union. Such negotiation is called collective bargaining. Through collective bargaining, workers can secure higher wages and improved working conditions. In this sense, a trade union can be defined as the collective body of workers bargaining for

- (i) Proper wages and
- (ii) Proper work-load.

Trade unions are a collection of workers seeking to protect and promote their members' interest. Their goals basically revolve around three themes: to influence the wage and benefits offered; to influence the administration of rules; and to establish a security system for its members.

Trade unions have now spread to all places and activities. It not only concerns workers in production, also office workers, computer staff and even supervisors and managers. This is especially the case in local and central government and in the publicly owned industries.

### **Role of Trade Unions in India's Socio-Economic System**

One of the major defects of India's trade unions is that their members are more concerned with their rights than with their duties. But rights and duties go hand in hand. As present, most trade unions confine their attention to the



various demands of working class such as high wage, paid holidays, annual payment (income) in the form of bonus, and so on.

There is no doubt that trade unions are formed with the primary objective of protecting and advancing the interest of its members by negotiating wage rates and conditions of employment (number of hours worked, grounds for dismissal, etc.). As such, unions exert considerable influence on the wage rates, supply of labour and costs of production in individual industries.

In India, workers do not always discharge their responsibilities fully. They do not always put the maximum effort for the benefit of the organisation and for their own benefit also. They follow “go-slow” tactics. As a result, labour cost rises, or labour productivity falls.

Consequently, entrepreneurs find it profitable to substitute labour by capital. Thus, the negative attitude of union members adversely affects the prospect of employment creation in a labour surplus country like India.

At present, trade unions confine their attention to the workers demand only. Indian trade unions are more or less like strike committees. It is high time they developed among the workers a sense of discipline and responsibility to do a full day's work for a fair day's wages. The unions should make every worker understand fully his duties and responsibilities first and then his rights and privileges.

Moreover, trade unions should provide certain benefits to the workers such as compensation for accidents, medical aid, education, practical suggestions, thrift and temperance, etc.

### **Trends in Trade Union Movement:**

Unions are becoming increasingly matured, responsive and realistic in their thinking and actions. Gone are the days of cat-call strikes, bundhs, gheraos and violence.

Discussion among trade union circles nowadays relate to such issues as the productivity, total quality management, technology, competition, MNCs, exports and the like. Major unions of the telecom employees, for example are on-line with the corporatization plans of the department. They are now more concerned about such things as gearing up for competition and inculcating a customer-friendly approach.

Unions have accepted that there is surplus labour everywhere and the fat needs to be shed. Unions are, therefore, extending co-operation to schemes like voluntary retirement and golden handshake. Thirty five thousand workers of National Textile Corporation alone have retired voluntarily.

Another trend witnessed these days is depolitisation of Unions. It may be noted that the federations of the unions are affiliated to one political party or the other. It may also be noted that the prominent national leaders in the post-independent India were popular trade union leaders.

Being affiliated to one political party or the other, the unions were following the footsteps of their big bosses instead of protecting the workers' interests. Unions have realised the futility of such affiliations and are now separating themselves from political influence.

Unions are now formed on the basis of religion and caste. This is indicative of the socio-political realities. Workers' associations in our country are highly fragmented and the consequences has been the multiplicity of unions caused by such factors as ideological rifts, personal ambitions of leaders, craft divisions among workers, and the management's own myopia.

Multiplicity of unions weakens the bargaining strength of employees. Management's position is no better. Union leaders too are conscious about the need for single union plans. Of late, unions have presented a common front on issues like industrial sickness and the National Renewal Fund.

Unions, of late, are demanding better utilisation of the fund and felt that the amount should not be used merely for financing voluntary retirement schemes.

One of the effects of trade union movement in our country has been the phenomenon of outsider leadership. Individuals who were not connected with a factory would assume leadership of the union. The clout of the central trade unions, which peaked during the post-nationalisation years, is gradually appearing.

One of the reasons for this trend is the gradual realisation on the part of the workers, who are young and well-educated, that independent unions are more advantageous than being affiliated to all-India federations.

Thus, the trade unions are at cross-roads. Their membership is declining, their political support is waning, public sympathy is receding, and their relevance itself is at stake. Management is, on the other hand, on the offensive. They are able to force unions to accept terms and conditions and sign on the dotted lines.

Unions should inculcate innovative leads to regain their lost ground. One possible way is to extend unionism to non-traditional groups such as white collar and professional workers. Another way is to give up their obsession with strike and start serving the members in a better way.

### **Advantages of Trade Union:**

(a) Time is saved in pay negotiations when dealing with a union as compared to dealing with individuals. This is particularly relevant in respect of supervisors and managers where it helps to promote equitable schemes of remuneration and to avoid inequalities and possible consequent resentment.

(b) Where there is mutual respect that is, where morale is good employees can more easily be given a picture of the organisation's problems and thus obtain



a better understanding of them through meetings with shop stewards and local union officials. Improved industrial relations should thus result.

(c) Workers feel the strength of association and thus are able to have, through union representatives, constructive discussions on procedures relating to working practices, disciplinary measures and the like. Where relations are good, worker dissidents are often contained by the majority of workers.

(d) Cooperation with trade unions may help an organisation to meet more easily the obligations placed on employers by government regulations and statutes.

(e) Changes in working practices and necessary redeployment of workers can be more easily effected if implemented with union co-operation. Where redundancies are inevitable union cooperation can be particularly helpful in obtaining fair compensation for those affected.

(f) Joint consultation is made possible and easy.

#### **Disadvantages of Trade Union:**

(a) Delay:

Managerial decisions may be delayed because of the lengthy discussions necessary at plant and local union level for these decisions to be implemented. Effective joint consultation can help minimise this.

(b) Perspective practices:

A powerful union, particularly where there is a closed shops (where all workers are required to be union members), can perpetuate and intensify restrictive practices unnecessarily. An example would be the insistence on a qualified electrician to change the plug on a simple machine such as an electric typewriter. This puts up costs and causes delays which create further costs.

(c) Disputes:

Where more than one union operates on a site delays and disruptions may be caused by inter-union disputes.

(d) Unreasonable demands:

Unreasonable demands may be made on management or extra pressure created if a union is powerful, to the ultimate detriment of the organisation and even the industry.

There is no doubt that trade unions can contribute positively in all areas where they operate, provided their power is used properly and with discretion.



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## Trade Union - 2



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The objective for which formation of trade union takes place in the recognition of law is to spread industrial peace with aim to provide social, economical justice to people at large but this function can only be performed if the members of the trade unions are provided with civil liberty and democratic rights by the society they live in. at the end of research article Researchers have mentioned the problems being faced by Trade Unions in India and suggestions for the success of Trade Unions.

Trade unions are a major component of the system of modern industrial relations in any nation, each having their own set of objectives or goals to achieve according to their constitution and each having its own strategy to reach those goals.

Union of workers plays an important role in industrial system. Annually statistics on Trade Unions are collected by Ministry of Labour, Government of India's Labour Bureau. Right to form Trade Union is a fundamental right under Article 19 (1) (c) of the Indian Constitution.

After the First World War there was a need for the coordination among individual unions which leads towards the trade union movement in India.

Gradually this movement becomes an essential part of industrial progress in India. Apart from economic, social and political are dimensions of Trade Unions in India.

The Webbs defined a trade union as a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their working lives.

Historically, union representation and collective bargaining have been the keys to the growth of a stable working population in developed economies, and have made it possible for workers to gain a more equitable share of the wealth that they create; they are also able to improve working conditions and help workers gain job security.

## (2) Objectives and Need of Trade Union

1. Wages and salaries-Wages and salaries and the most important subjects of Trade Unions. In the organized industry, wages and benefits are determined through processes such as collective bargaining, wage boards, conciliation, and adjudication. Working of all these processes deserves systematic inquiry. Union power and objective facts hopefully influence the wage scene through these forums.
2. Working conditions-Another major objective of the Trade Unions is to insure the safety of workers. While working every worker must be provided with basic facilities like. Drinking water, minimum working hours, paid holidays, social security, safety equipments, lights and others.

3. Personnel policies-Any personal policy of the employer with respect to promotion, transfer and training may be challenge by Trade Unions if arbitrary.
  4. Discipline-Trade Unions also protect the workers from arbitrary discipline action taken by management against any worker. No worker should be victimized by management in the form of arbitrary transfer or suspension.
  5. Welfare-The main objective of the Trade Union is to work for the welfare of the workers. This includes welfare of the family members or children of the worker.
  6. Employee and Employer Relations-for an industrial peace there must be harmony between employer and employee. But due to superior power of the management sometimes conflict arises in this situation Trade Union represent the whole group of workers and continue negotiations with management.
  7. Negotiating Machinery-Trade Unions may also put proposals before management, as this policy is based on the principle of Give and Take□ Trade Unions protect the interest of workers through collective bargaining.
  8. Safeguarding Organisational Health and the Interest of the Industry-Trade Unions also help in achieving employee satisfaction. Trade unions also help in better industrial relation by creating procedure to resolve the industrial dispute.
  9. Alone workers feel weak. Trade Union provides him a platform to join others to achieve social objectives.
- (3) Functions of Trade Unions in India
1. Collective Bargaining-Honble Supreme Court of India has defined Collective bargaining as the technique by which dispute as to conditions of employment is resolved amicably by agreement rather than coercion□[11]in this process negotiations and discussions take place between employer and employee in respect to working conditions.[12]Refusing to bargain collectively is an illegal trade practice. Collective bargaining helps to resolve the issues of workers. Collective Bargaining is the foundation of the movement and it is in the interest of labour that statutory recognition has been accorded to Trade Union and their capacity to represent workmen.[13]
  2. Trade Unions protect the worker from wages hike, provides job security through peaceful measures.
  3. Trade Unions also help in providing financial and non-financial aid to the workers during lock out or strike or in medical need.



4. It has also to be borne in mind while making an agreement that the interest of the workers who are not the members of Trade Union are also protected and the workers who are not members of the Trade Union are also protected and the workers are not discriminated.

#### (4) Social Responsibilities of Trade Unions

Social responsibility is an obligation recognized over an individual, group of individual, Institution so that they can be accountable and answerable to people for their civic duties, here accountability refers to the objective of the act or decision which should be welfare of the society for attaining the balance between growth and welfare. If the outcome of the result of an action or decision is causing harm to public then an individual or group of individual cannot be said to be socially responsible. The goal of the labor legislation somehow rests with the emergence of industrial peace, where protection of innocent employee is an essential condition and this is the reason which motivated the formation of trade unions and its recognition by the law.

The function of collective bargaining acts as process of negotiation between employer and employee so that either consensus or difference in the opinion can be pointed out to settle the major dispute but the need of social responsibility generates from the fact that Trade union exists in representative capacity as it represents the labors therefore accountability and responsibility of Trade union generates towards the labours. There should be warranted social responsibility from the trade union because there is direct impact of decisions of trade union of labours this role of organization is developed by virtue of societal norms, ethical values and concept of social contract. Responsibilities can be summarized with regards to function of trade union and employer employee relationship.

1. Education and awareness amongst labours so that a traditional or conventional way indulging into grave agitation can get the shape of cooperation and understanding. The development of the society should not be obstructed by virtue of un necessary strikes and grave agitation, sometimes the consensus reached between employer and employee is favorable to them but may be unjust to innocent customer that innocent customer is supposed to be protected by trade union.
2. Their acts and deliberation with employer should be in the manner so that consensus becomes the part of economic growth and development for that purpose cooperation is required, Trade unions are supposed not be influenced by the caste division system for the interest of its workmen and to maintain the integrity of the nation. Goals should be achieved by not overlooking the interest of community at large. Rural and urban population comprises of unorganized labour which should be made organized by trade union to uplift them and to get them above poverty line. To promote the planned schemes and ideas for



savings so that capital formation increases. New equipment should be supported by virtue of awareness programmes about its use.

#### (5) Significance of the Trade Unions establishment

Trade unions fill the void which was obstructing the attainment of industrial peace and social justice any decision arrived by virtue of deliberation with employer through trade union should be followed strictly by the labours which forms the part of that trade union as it improves the working condition, wages they get and other matters related to employment as the trade unions helps the labors in their bad days like the personal accidents or at the time of retrenchment or lockouts . There are many welfare measures are taken for supporting the workmen example of which is legal assistance, housing schemes and education to children of workers so these functions of trade union makes its existence significant for social justice.

Trade unions perform substantial roles in increasing the wages of the workers. This role may not be observed by direct method but indirectly wages can be increased by the actions of Trade unions like assurance can be there from the trade union regarding the payment of marginal productivity level which can be done by increasing bargaining capacity and power. Trade union can stop supply of labours in the specific trade which may have consequence of increased wage.

#### (6) Growth and Origin of Trade Union in India

The first factories Act was passed in the year 1881 by virtue of recommendation of Bombay factory recommendation in the year 1885. The workers of the Bombay textile industry demanded that the working hour should be reduced, weekly holidays and compensation in case of injuries suffered by the workmen. Bombay mills hand association is first union established for workers by N.lokhande in the year 1890.

Several Labour movements started after the outbreak of worldwar one. The miserable social and economic condition of the people at that time triggered the labour movement. Formation of ILO (international labour organization) leads to formation of trade unions .Ahmadabad labor textile association was formed under the guidance of Mahatma Gandhi principle of non violence.

#### **AITUC (All India Trade Union Congress)**

All India trade union congress is formed in the year 1920 for the purpose of selecting the delegates for ILO, first meeting of AITUC was held in Bombay under the president ship of Lala Lajpat Rai in the year 1920 AIRF (All India Railways man Federation) was formed in 1922 , all the union consisting and compromising of railway workmen were made part of it and affiliated to it. AITUC witnessed the split because some members were in support of the war and other were not in support of the war, later group is separated as an organization under the leadership of congress leaders resulted in the

formation of Indian National Trade Union Congress (INTUC) .Socialists also got themselves separated from the AITUC which resulted in the formation of Hind Mazdoor sabha in the year 1948. Therefore the splits and detachment can be observed resulting in creation of separate trade unions.

**There were three kinds of unions on the basis of structure it consists of-**

1. Industrial union
2. Craft union
3. General union

Crafts union consists and comprises of earning of wage from the single occupation, it includes all the workmen working for single craft even of different industries, An Industrial union is formed by virtue of actions of industry not because of similar crafts or works, General union consists the workmen of various crafts and industries. In India formation of trade union takes place mainly because of industrial decisions reason of which can be reduced importance of craftsmen after industrialization and availability of large unskilled labour.

A craft union can be defined as an association of wage earners engaged in a single occupation. It may cover all workers engaged in a particular craft irrespective of the industries in which they are employed. Thus, electrician or mechanics though working in different industries may form a union of their own.

**For example,** The International Wood Carvers Association and the Indian Pilots Guild. Industrial Unions are organized on the basis of industry, for example, if the workers of a cotton textile factory decide to form a union of workers of different crafts, the union will be called an industrial union. General unions are not so popular in India and it covers workers employed in different industries and crafts. In India, even though trade unions are largely organized by industry, craft unions are also emerging here and there. The predominance of industrial unions can be partly due to the conditions not favoring the growth of craft and general unions and partly due to environmental support to industrial unions.

**The specific reasons may be listed below:**

- With the advent of industrialization in India, the importance of Indian craftsmen reduced, thus bypassing the merchant craftsmen stage of capitalism, technological development went straight from agriculture to factory stage. As a result, craftsmen reduced significantly. The reduced importance of craftsmen coupled with large population of unskilled workers led to the growth of industrial unions.



- Another factor behind growth of industrial unions can be higher wages of skilled workers. During the early days of union growth, the skilled workers used to enjoy higher rates of wages due to their relative scarcity. They, therefore, took no interest in unionism. This lack of interest on their part plus the predominance of unskilled workers favored union growth on industrial rather than craft lines.
- Industrial unions also flourished because of the influence of outsiders. As trade union was a movement started by outsiders, they were interested in labor class as a whole and not just a section of it. Industrial unions bring more workers within its fold than craft unions, as a result outsiders gave more attention to the formation of industrial unions.

## (7) Structure of Trade union

The pattern in structure of unions in India is linked to their relationship between national level, regional level, local level and plant level unions. Their relationship is explained below:

1. **Local Level:** A local level federation is at the second level in the structure from below. The local trade union federation holds together the plant level unions at the local level in a particular craft and industry. These federations might be affiliated to some regional level or national level federation or may be independent.
2. **Regional Level:** It is the organization consisting of all the constituent unions in a particular state or region. Their importance cannot be exaggerated beyond a particular state or region as conditions, customs, practices, style of living differ in every state or region. These regional federations may have members of two kinds:
  - (1) the plant level unions affiliating themselves to these directly, and
  - (2) the local federations. In the second scenario, plant level unions become the member of regional unions through the local federations.
3. **National Level:** These are the national level bodies to which plant level unions, local unions or regional level unions may get affiliated. These are the apex bodies at the top of the structure and act as coordinating bodies.

## (8) Problem faced by Trade Unions in India

The condition of trade unions in India is not very sound and this is mainly because of the fact that trade unions suffer from many problems. A brief account of them is given below:

- (A) **Uneven Growth:** Trade union activities are concentrated in large scale industries and that too in regard of manual labor only and mainly in bigger industrial centre, there are hardly any trade

union activities in small scale enterprises, domestic and agricultural labour. The degree of unionism varies a lot from industry to industry, thus touching only a portion of the working class in India.

(B) **Low Membership:** Even though, the number of trade unions has increased considerably in India but this has been followed by the declining membership per union. The average number of members per union was about 3,500 in 1927-28. It reduced to about 1,400 in 1946-47 and again to as low as a figure of 675 in 1985-86 and 659 in 2000-01. This indicates the emergence of small scale trade unions.

(C) **Multiplicity of Unions:** Another problem faced by the growth of trade unions is that of multiplicity of unions. There may exist many trade unions in the same establishment. The existence of large number of trade unions can be attributed to the fact that The Trade Unions Act, 1926 permits any association of seven workers to be registered as a union, and confers upon it certain rights. Many a time, it is contended that multiplicity of unions is because of outside leaders, but more pertinent point is that they are able to work because law permits and gives sanctity to the small unions.

(D) **Inter Union Rivalry:** Unions try to play down each other in a bid to gain greater influence among workers. In the process they do more harm than good to the cause of unionism as a whole. Employers are given an opportunity to play unions against each other. They can refuse to bargain on the contention that there is not true representative union. Besides this, the workers own solidarity is lost. Employers are able to take advantage of in fighting between workers groups.

(E) **Weak Financial Position:** The financial position is very low as their average yearly income is very low and inadequate. The subscription rates are very low due to multiplicity of unions, unions interested in increasing their membership keep the subscription rates very low resulting inadequacy of funds with the unions. Another important reason for the weak financial position of unions is that large amounts of subscription dues remain unpaid by the workers. The name of constant defaulters continuously appears on the registers on most of the unions. They are neither expelled nor cease to be members ipso facto according to the union rules.

(F) **Lack of Public Support:** The trade unions frequently resort to strike and protest in order to make their demands meet. As a result, inconvenience is caused to public. This is the public support or sympathy is almost negligible.

(9) Essential conditions for success of Trade Unions



**The fact that trade unions play a very important role in the process of economic development deserves no special emphasis but only desire of playing that role is not sufficient. It is pertinent to mention that they must fulfill certain other conditions which may be laid down as under:**

1. The first essential of a trade union is the existence of a progressive labor force in order to man the movement. An educated and capable labor force keeps the leaders devoted and makes their will strong for leading their fellow workers. Lack of proper and adequate level of education general as well as technical or vocational, proper commitment to the job, diverse composition of the labor force divided by difference of language, custom, caste and creed and widespread poverty owing to low level of wages render the working class incapable of manning the trade union movement effectively and purposefully.
2. Another essential factor of a successful and sound trade union is a sound leadership and methodological organization. In order to gain success in its objects, a trade union should have its foundation laid on solid grounds.
3. A clear enunciation of the objectives is a third fundamental feature for survival and sound functioning of trade union. Trade unions with complexity in objects are looked down upon with suspicion.
4. Another point which must be adhered to is that trade unions must make sure to have a coherent and well-conceived policy regarding their structure. Haphazard growth of trade unions may give rise to problems in jurisdiction, sphere of activity, etc. A trade union should be regarded as a business organization as it also requires careful planning.
5. Sound internal organization is also a matter of vital importance. This, in turn, requires that besides sound business administration, the financial resources of the union should also be adequate. Thus, the factors that make a trade union strong and healthy are unflinching adherence to the unions constitution and rules, regular payment of dues, fully representative character and cooperation with other unions.

### **Conclusion**

Unfair labour practice and practice of not involving employees in any kind of decision making resulted in formation of trade union in India and its recognition by court of law. The notion of social justice and industrial peace can only be achieved by the mutual cooperation of employers and employee and that is why trade unions play their major roles in achieving the industrial peace and serving overall justice to employee.

There are various contexts in which employee should be exempted from the arbitrary decisions of employers like wages, bonus, working hour, holidays, this exemption can only be achieved by virtue of negotiation named as collective bargaining where interest of both parties are given

priorities in any kind of dispute, origin of trade union clarifies the struggle behind the formation of trade unions in India, further the continuous division in the trade union at national level led to the less implementation of objective they frame before formation, one of the cause can also be traced in the form of legislation in this regard, now a days there are only two essentials which have be satisfied in order to establish a trade union that is substantial number of workers and matter of dispute have substantial nexus with workers but the representation is not the only task which is to be done, for the purpose of negotiation and complete management the skill of bargaining is required which commonly lacks in the common workers of the industry as they lacks in education and awareness.

There are other sufferings which prevails with the working of trade union like lack of financial resources and leadership which prohibits the proper allocation of resources and involvement in policy making despite of such limitations the need of more efficient labour union is required so as to protect the interest of sweat labours, In case of any arbitrary action from the employers which hires them.



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## Trade Union - 3



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### (3) Functions of Trade Unions in India

1. **Collective Bargaining**-Honble Supreme Court of India has defined Collective bargaining as the technique by which dispute as to conditions of employment is resolved amicably by agreement rather than coercion □ [11] in this process negotiations and discussions take place between employer and employee in respect to working conditions. [12] Refusing to bargain collectively is an illegal trade practice. Collective bargaining helps to resolve the issues of workers. Collective Bargaining is the foundation of the movement and it is in the interest of labour that statutory recognition has been accorded to Trade Union and their capacity to represent workmen. [13]
2. Trade Unions protect the worker from wages hike, provides job security through peaceful measures.
3. Trade Unions also help in providing financial and non-financial aid to the workers during lock out or strike or in medical need.



4. It has also to be borne in mind while making an agreement that the interest of the workers who are not the members of Trade Union are also protected and the workers who are not members of the Trade Union are also protected and the workers are not discriminated.

#### (4) Social Responsibilities of Trade Unions

Social responsibility is an obligation recognized over an individual, group of individual, Institution so that they can be accountable and answerable to people for their civic duties, here accountability refers to the objective of the act or decision which should be welfare of the society for attaining the balance between growth and welfare. If the outcome of the result of an action or decision is causing harm to public then an individual or group of individual cannot be said to be socially responsible. The goal of the labor legislation somehow rests with the emergence of industrial peace, where protection of innocent employee is an essential condition and this is the reason which motivated the formation of trade unions and its recognition by the law.

The function of collective bargaining acts as process of negotiation between employer and employee so that either consensus or difference in the opinion can be pointed out to settle the major dispute but the need of social responsibility generates from the fact that Trade union exists in representative capacity as it represents the labors therefore accountability and responsibility of Trade union generates towards the labours. There should be warranted social responsibility from the trade union because there is direct impact of decisions of trade union of labours this role of organization is developed by virtue of societal norms, ethical values and concept of social contract. Responsibilities can be summarized with regards to function of trade union and employer employee relationship.

1. Education and awareness amongst labours so that a traditional or conventional way indulging into grave agitation can get the shape of cooperation and understanding. The development of the society should not be obstructed by virtue of un necessary strikes and grave agitation, sometimes the consensus reached between employer and employee is favorable to them but may be unjust to innocent customer that innocent customer is supposed to be protected by trade union.
2. Their acts and deliberation with employer should be in the manner so that consensus becomes the part of economic growth and development for that purpose cooperation is required, Trade unions are supposed not be influenced by the caste division system for the interest of its workmen and to maintain the integrity of the nation. Goals should be achieved by not overlooking the interest of community at large. Rural and urban population comprises of unorganized labour which should be made organized by trade union to uplift them and to get them above poverty line. To promote the planned schemes and ideas for



savings so that capital formation increases. New equipment should be supported by virtue of awareness programmes about its use.

#### (5) Significance of the Trade Unions establishment

Trade unions fill the void which was obstructing the attainment of industrial peace and social justice any decision arrived by virtue of deliberation with employer through trade union should be followed strictly by the labours which forms the part of that trade union as it improves the working condition, wages they get and other matters related to employment as the trade unions helps the labors in their bad days like the personal accidents or at the time of retrenchment or lockouts . There are many welfare measures are taken for supporting the workmen example of which is legal assistance, housing schemes and education to children of workers so these functions of trade union makes its existence significant for social justice.

Trade unions perform substantial roles in increasing the wages of the workers. This role may not be observed by direct method but indirectly wages can be increased by the actions of Trade unions like assurance can be there from the trade union regarding the payment of marginal productivity level which can be done by increasing bargaining capacity and power. Trade union can stop supply of labours in the specific trade which may have consequence of increased wage.

#### (6) Growth and Origin of Trade Union in India

The first factories Act was passed in the year 1881 by virtue of recommendation of Bombay factory recommendation in the year 1885. The workers of the Bombay textile industry demanded that the working hour should be reduced, weekly holidays and compensation in case of injuries suffered by the workmen. Bombay mills hand association is first union established for workers by N.lokhande in the year 1890.

Several Labour movements started after the outbreak of worldwar one. The miserable social and economic condition of the people at that time triggered the labour movement. Formation of ILO (international labour organization) leads to formation of trade unions .Ahmadabad labor textile association was formed under the guidance of Mahatma Gandhi principle of non violence.

#### **AITUC (All India Trade Union Congress)**

All India trade union congress is formed in the year 1920 for the purpose of selecting the delegates for ILO, first meeting of AITUC was held in Bombay under the president ship of Lala Lajpat Rai in the year 1920 AIRF (All India Railways man Federation) was formed in 1922 , all the union consisting and compromising of railway workmen were made part of it and affiliated to it. AITUC witnessed the split because some members were in support of the war and other were not in support of the war, later group is separated as an organization under the leadership of congress leaders resulted in the

formation of Indian National Trade Union Congress (INTUC) .Socialists also got themselves separated from the AITUC which resulted in the formation of Hind Mazdoor sabha in the year 1948. Therefore the splits and detachment can be observed resulting in creation of separate trade unions.

**There were three kinds of unions on the basis of structure it consists of-**

1. Industrial union
2. Craft union
3. General union

Crafts union consists and comprises of earning of wage from the single occupation, it includes all the workmen working for single craft even of different industries, An Industrial union is formed by virtue of actions of industry not because of similar crafts or works, General union consists the workmen of various crafts and industries. In India formation of trade union takes place mainly because of industrial decisions reason of which can be reduced importance of craftsmen after industrialization and availability of large unskilled labour.

A craft union can be defined as an association of wage earners engaged in a single occupation. It may cover all workers engaged in a particular craft irrespective of the industries in which they are employed. Thus, electrician or mechanics though working in different industries may form a union of their own.

**For example,** The International Wood Carvers Association and the Indian Pilots Guild. Industrial Unions are organized on the basis of industry, for example, if the workers of a cotton textile factory decide to form a union of workers of different crafts, the union will be called an industrial union. General unions are not so popular in India and it covers workers employed in different industries and crafts. In India, even though trade unions are largely organized by industry, craft unions are also emerging here and there. The predominance of industrial unions can be partly due to the conditions not favoring the growth of craft and general unions and partly due to environmental support to industrial unions.

**The specific reasons may be listed below:**

- With the advent of industrialization in India, the importance of Indian craftsmen reduced, thus bypassing the merchant craftsmen stage of capitalism, technological development went straight from agriculture to factory stage. As a result, craftsmen reduced significantly. The reduced importance of craftsmen coupled with large population of unskilled workers led to the growth of industrial unions.



- Another factor behind growth of industrial unions can be higher wages of skilled workers. During the early days of union growth, the skilled workers used to enjoy higher rates of wages due to their relative scarcity. They, therefore, took no interest in unionism. This lack of interest on their part plus the predominance of unskilled workers favored union growth on industrial rather than craft lines.
- Industrial unions also flourished because of the influence of outsiders. As trade union was a movement started by outsiders, they were interested in labor class as a whole and not just a section of it. Industrial unions bring more workers within its fold than craft unions, as a result outsiders gave more attention to the formation of industrial unions.

## (7) Structure of Trade union

The pattern in structure of unions in India is linked to their relationship between national level, regional level, local level and plant level unions. Their relationship is explained below:

1. **Local Level:** A local level federation is at the second level in the structure from below. The local trade union federation holds together the plant level unions at the local level in a particular craft and industry. These federations might be affiliated to some regional level or national level federation or may be independent.
2. **Regional Level:** It is the organization consisting of all the constituent unions in a particular state or region. Their importance cannot be exaggerated beyond a particular state or region as conditions, customs, practices, style of living differ in every state or region. These regional federations may have members of two kinds:
  - (1) the plant level unions affiliating themselves to these directly, and
  - (2) the local federations. In the second scenario, plant level unions become the member of regional unions through the local federations.
3. **National Level:** These are the national level bodies to which plant level unions, local unions or regional level unions may get affiliated. These are the apex bodies at the top of the structure and act as coordinating bodies.

## (8) Problem faced by Trade Unions in India

The condition of trade unions in India is not very sound and this is mainly because of the fact that trade unions suffer from many problems. A brief account of them is given below:

- (A) **Uneven Growth:** Trade union activities are concentrated in large scale industries and that too in regard of manual labor only and mainly in bigger industrial centre, there are hardly any trade



union activities in small scale enterprises, domestic and agricultural labour. The degree of unionism varies a lot from industry to industry, thus touching only a portion of the working class in India.

(B) **Low Membership:** Even though, the number of trade unions has increased considerably in India but this has been followed by the declining membership per union. The average number of members per union was about 3,500 in 1927-28. It reduced to about 1,400 in 1946-47 and again to as low as a figure of 675 in 1985-86 and 659 in 2000-01. This indicates the emergence of small scale trade unions.

(C) **Multiplicity of Unions:** Another problem faced by the growth of trade unions is that of multiplicity of unions. There may exist many trade unions in the same establishment. The existence of large number of trade unions can be attributed to the fact that The Trade Unions Act, 1926 permits any association of seven workers to be registered as a union, and confers upon it certain rights. Many a time, it is contended that multiplicity of unions is because of outside leaders, but more pertinent point is that they are able to work because law permits and gives sanctity to the small unions.

(D) **Inter Union Rivalry:** Unions try to play down each other in a bid to gain greater influence among workers. In the process they do more harm than good to the cause of unionism as a whole. Employers are given an opportunity to play unions against each other. They can refuse to bargain on the contention that there is not true representative union. Besides this, the workers own solidarity is lost. Employers are able to take advantage of in fighting between workers groups.

(E) **Weak Financial Position:** The financial position is very low as their average yearly income is very low and inadequate. The subscription rates are very low due to multiplicity of unions, unions interested in increasing their membership keep the subscription rates very low resulting inadequacy of funds with the unions. Another important reason for the weak financial position of unions is that large amounts of subscription dues remain unpaid by the workers. The name of constant defaulters continuously appears on the registers on most of the unions. They are neither expelled nor cease to be members ipso facto according to the union rules.

(F) **Lack of Public Support:** The trade unions frequently resort to strike and protest in order to make their demands meet. As a result, inconvenience is caused to public. This is the public support or sympathy is almost negligible.

(9) Essential conditions for success of Trade Unions

**The fact that trade unions play a very important role in the process of economic development deserves no special emphasis but only desire of playing that role is not sufficient. It is pertinent to mention that they must fulfill certain other conditions which may be laid down as under:**

1. The first essential of a trade union is the existence of a progressive labor force in order to man the movement. An educated and capable labor force keeps the leaders devoted and makes their will strong for leading their fellow workers. Lack of proper and adequate level of education general as well as technical or vocational, proper commitment to the job, diverse composition of the labor force divided by difference of language, custom, caste and creed and widespread poverty owing to low level of wages render the working class incapable of manning the trade union movement effectively and purposefully.
2. Another essential factor of a successful and sound trade union is a sound leadership and methodological organization. In order to gain success in its objects, a trade union should have its foundation laid on solid grounds.
3. A clear enunciation of the objectives is a third fundamental feature for survival and sound functioning of trade union. Trade unions with complexity in objects are looked down upon with suspicion.
4. Another point which must be adhered to is that trade unions must make sure to have a coherent and well-conceived policy regarding their structure. Haphazard growth of trade unions may give rise to problems in jurisdiction, sphere of activity, etc. A trade union should be regarded as a business organization as it also requires careful planning.
5. Sound internal organization is also a matter of vital importance. This, in turn, requires that besides sound business administration, the financial resources of the union should also be adequate. Thus, the factors that make a trade union strong and healthy are unflinching adherence to the unions constitution and rules, regular payment of dues, fully representative character and cooperation with other unions.

### **Conclusion**

Unfair labour practice and practice of not involving employees in any kind of decision making resulted in formation of trade union in India and its recognition by court of law, The notion of social justice and industrial peace can only be achieved by the mutual cooperation of employers and employee and that is why trade unions play their major roles in achieving the industrial peace and serving overall justice to employee.

There are various contexts in which employee should be exempted from the arbitrary decisions of employers like wages, bonus, working hour, holidays, this exemption can only be achieved by virtue of negotiation named as collective bargaining where interest of both parties are given



priorities in any kind of dispute, origin of trade union clarifies the struggle behind the formation of trade unions in India, further the continuous division in the trade union at national level led to the less implementation of objective they frame before formation, one of the cause can also be traced in the form of legislation in this regard, now a days there are only two essentials which have be satisfied in order to establish a trade union that is substantial number of workers and matter of dispute have substantial nexus with workers but the representation is not the only task which is to be done, for the purpose of negotiation and complete management the skill of bargaining is required which commonly lacks in the common workers of the industry as they lacks in education and awareness.

There are other sufferings which prevails with the working of trade union like lack of financial resources and leadership which prohibits the proper allocation of resources and involvement in policy making despite of such limitations the need of more efficient labour union is required so as to protect the interest of sweat labours, In case of any arbitrary action from the employers which hires them.





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## Types of Trade Unions



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## **SOME OTHER TYPES OF TRADE UNIONS**

### **Labour Unions**

In these unions, membership is open to all workers irrespective of their occupation, skill or industry, the philosophy being that all workers have common status and a common need for mutual help. Labour unions refer to both craft and industrial unions.

### **Blue-Collar Workers' Unions**

Blue-collar workers' unions constitute of employees usually performing operative jobs. They usually operate machines in the production and allied departments. Blue-collar workers constitute the bulk of membership of trade unions in the organised sector.

### **White-Collar Workers' Unions**

Such unions usually comprise office staff or who work off the shop floor and perform desk jobs or provide service over the counter or any such other job. White-collar category includes executives, managers, professionals, administrators, supervisors, clerks and the like.

We come across such unions in banks, service sector, insurance companies, BPOs, software organisations, Central and state government offices, and so on. Their members being educated and matured are aware of the capacity to pay off their organisations and, therefore, are more reasonable while they prepare their charter of demands.

### **Reformist Unions**

These unions may be either business unions or revolutionary unions.

#### **i. Business Unions:**

They are also known as 'bread and butter unions' and aim at securing economic interests of their members and follow the method of collective bargaining to accomplish their objectives.

#### **ii. Revolutionary Unions:**

Revolutionary unions are opposed to the capitalistic industry and replace it by the socialistic systems through radical means such as strikes, boycott and gheraos.

Revolutionary unions may be of any of the following forms:

- a. **Anarchist Unions**: These unions endeavour to destroy the existing economic system and usually use violent means.
- b. **Predatory Unions**: Initiated by Professor Hoxie, such unions believe in plundering benefits and ruthless pursuit

of the matter in hand by adopting any means irrespective of ethical, legal or moral considerations.

Predatory unions may be of two types as follows:

- (i) **Guerrilla unions** – These unions can go to any extent, including resorting to terror-ism and other violent means, to accomplish their objectives. It is the boss who rules the roost.
- (ii) **Hold-up unions** – The unscrupulous bosses of workers' organisations and unscrupulous employers conspire together to exploit the customers by selling their products at very high rates; the major chunk of the money so earned goes to the pockets of these unscrupulous elements, leaving very little, if at all, for the workers.

c. Political Unions:

Such unions aim at snatching the power of capitalists by political action so that workers may become more powerful.

**Friendly or Uplift Unions:**

These unions mainly aim at improving the intellectual, moral and social life of their members. These unions are not craft conscious. They rather focus on the interest of workers. They are idealistic in nature. Since they are law-abiding, they believe in the institution of collective bargaining and also setting up of cooperative enterprises, mutual insurance, profit-sharing and the like.

**What's the Difference between Closed Shop, Union Shop, Open Shop, Agency Shop and Right-to-Work?**

- **Closed Shop**

A company that only employs union members and requires them to secure and maintain union membership as a condition of employment.

- **Union Shop**

A company that doesn't require employees to join a union in order to be hired, but they must join within 30 days of employment.

- **Open Shop**

A company that may have a union, but hires both union and non-union employees, and union membership is not a requirement for continued employment.

- **Agency Shop**



A company that has a union, but hires both union and non-union employees, and union membership is not a requirement for continued employment; however, non-union employees have to pay a fee to cover collective bargaining costs.

- **Right-to-Work**

State laws that ban companies from demanding that their employees pay union dues or fees as a condition of employment.



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## Trade Union Theories



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## **FIVE TYPES OF THEORIES OF TRADE UNION**

1. Revolutionary Theory
2. Evolutionary Theory
3. Theory of Industrial Jurisprudence
4. Rebellion Theory
5. The Gandhian Approach.

A cross-country examination of trade unions reveals different ideologies influencing the evolution and development of trade unions depending on social, economic and political conditions prevalent therein. That is precisely the reason the objectives of trade unions and their place have been emphasized differently by different thinkers.

The various approaches/theories of trade unions can be classified into the following five types:

### **1. Revolutionary Theory:**

**Marx & Engels**, in Germany, influenced trade unionism in various ways. To Marx, a trade union was first & foremost an organisation centre. It provided the locus for collecting the forces of working classes.

Referring to the struggle between the class of wage earners and the class of employers, Marx brings out that modern technique of production has concentrated the social means of production under the ownership of the capitalist who, thus, became the absolute master.

The theory of class war and dialectical materialism enunciated by Marx has created a class of trade unionists who regard labour organisation as essential to bring about a revolutionary and fundamental change, in the social order in which men are living.

From them trade unions are the instruments to overthrow capitalism. According to Marx, trade unionism thus represents a prime instrument of the class struggle between proletarian-workers and capitalist businessmen.



He believed that capitalism itself renders effective, although unintended, aid to its enemies by developing three tendencies —

- a) the tendency of heavy concentration of wealth and capital in the hands of a few of the largest capitalists reduces the number of the natural supporters of capitalism,
- b) the tendency towards a steady depression of wages and a growing misery of the wage-earning class keeps revolutionary order alive, and
- c) the inevitable and frequent economic crisis under capitalism disorganise it and hasten it on towards destruction".

Marx advocated that the working class must not divert itself from its revolutionary programme and the labour struggle must be for the abolition of capitalism.

The revolutionary approach/theory of trade union is developed by Karl Marx "This theory is also known as "the theory of class war and dialectical materialism". According to Marx, trade union was the foremost organising centre to provide locus for streamlining the forces of working classes The trade unions are, for Marx, the instruments to overthrow capitalism.

These are, thus, prime instruments of the class struggle between proletarian workers and capitalist businessmen. Marx advocated that the working class must not divert itself from its revolutionary programme because it is labour struggle only that can abolish capitalism. To Marx, workers' emancipation involves abolition of capitalism

## 2. Evolutionary Theory:

The Webbs (Sydney and Beatrice Webb) in their work "Industrial Democracy" have put forward a non-revolutionary theory of industrial democracy.

They have considered trade unionism to be the extension of the principal of democracy in the sphere of industry.

Trade unions are regarded to be "institutions for overcoming managerial dictatorship to strengthen individual labourers and to give them some voice in the determinant of the conditions under which they have to work

In other words, trade unionism is not an instrument to overthrow the capitalism, but a means of equalizing the bargaining power of labour and capital.

Trade unionism provides a means by which workers overcome managerial dictatorship, on the one hand, and express their voice in the determination of the conditions under which they have to work, on the other.

### **3. Theory of Industrial Jurisprudence:**

S.H. Slitchor, extending the Webbs' theory still further in his analysis of the purposes of unionism stated that wage-earners could not exercise much control over working conditions through individual bargaining because of various reasons.

In his view, "Individual bargaining is an unsatisfactory way of controlling work and working conditions because, employers who use methods which improve the labour supply, are not sure of gaining as a result and employers who use methods which spoil the labour supply suffer no direct loss".

Consequently, he believed that workers, through their unions, developed a system of work rules and traditions 'a system of industrial Jurisprudence\* which served as a means of production to employees in their work.

From the study of American Labour Movement that the objectives of trade unionism change, Selig Perlman (University of Wisconsin, United States) propounded his 'Scarcity-consciousness theory of Labour Movement'.

According to S. H. Slitcher the propounder of the "Theory of Industrial Jurisprudence", workers individually fail in bargaining with employers for pro-protecting their interests. In his view, trade unionism served as a means for workers to protect them in work. Such an approach of trade unionism, Slitcher termed as "a system of industrial jurisprudence".

According to him, the character of the labour movement in any particular country must depend upon the particular combination of three factors:



- 1) the resistance power of capitalism determined by its own historical development,
- 2) the degree of dominance over the labour movement by the intellectuals' mentality which regularly underestimates capitalism's resistance power and overtimes labour's will to radical change, and
- 3) the degree of maturity of trade union mentality".

He believes that the impulse of the employees is not "to suppress the employer but to suppress their competitive menaces.

To do so they feel that they must organise into a union and engage in a class struggle against the employer.

It is labour's aim to continue increasing bargaining power and with its share of industrial control. Just as it is the employer's aim to maintain a 'status quo' or better.

Although this presupposes a continuous struggle, it is not a revolutionary but an opportunist struggle, while Marx conceived technical progress as the cause of class struggle, Perlman saw the forces of market as the basis of the conduct of organised labour and industrial struggle.

In his words "the beginning of class struggle has nothing to do machine technique and a capitalist ownership of the tools of production ... The underlying cause was the rapid extension of markets outrunning the technical development of industry".

Referring to the developments during the 17<sup>th</sup> to 19<sup>th</sup> centuries, he concluded that the class struggle instead of becoming sharper and sharper with advance of capitalism and leading to a social revolution, as predicted by Marx, grew less and less revolutionary in reality and led to a compromise or succession of compromises, viz., collective agreements.

## **4. Rebellion Theory:**

To Frank Tannenbaum, the propounder of "Rebellion Theory", trade unionism is a spontaneous outcome in the growth of mechanization. He believes that the use of machines leads to exploitation of workers. Thus, machine is the cause and labour movement, i.e., trade unionism is the result. In other words, trade



unionism is a rebellion approach against mechanisation automatization of industrial society to protect workers' interest in the enterprise.

According to Frank Tannebaum, the emergence of trade unionism is spontaneous and inherent in the growth of capitalism. He believed that "the fundamental cause of exploitation of men is the use of machine and, therefore, the Labour Movement is the result and the machine is the major cause and thus the labour movement seems destined to achieve complete control of the industrial functions of the community by substituting service for profit in industrial enterprise and with service democracy into industry".

**Tannenbaum's Theory of Man Vs. Machine:** According to him Union is formed in reaction to alienation and loss of community in an individualistic and unfeeling society. In his words, the union returns to the workers his society, which he left behind him when he migrated from a rural background to the anonymity of an urban industrial location. The union gives the worker a fellowship and a value system that he shares with others like him. Institutionally, the trade union movement is an unconscious effort to harness the drift of our time and reorganise it around the cohesive identity that men working together always achieve.

## 5. The Gandhian Approach:

The Gandhian approach of trade unionism is based on "class collaboration rather than class conflict and struggle". The idea to take worker's due share from capitalist by reform and self-consciousness among workers led to the emergence of trade unionism. Thus the Gandhian approach of trade unionism is not only related to material aspect but also moral and intellectual aspects.

Gandhi emphasised that the direct aim of a trade unionism is not, in the last degree political. Instead, its direct aim is internal reform and also evolution of internal strength. Also, trade unionism, according to the Gandhian approach, is not anti-capitalistic as is generally viewed.

According to Gandhi Ji, class collaboration and harmony rather than class struggle led to the emergence of trade unionism. "It (Trade Unionism) is not anti-capitalistic. The idea is to take from

capital labour's due share and no more, and this, not by paralysing capital, but by reform among labourers, from within and by their own self-consciousness, not again through the cleverness of non-labour leaders, but by educating labour to evolve its own leadership and its own self-reliant, self-existing organisation. Its direct aim is not in the last degree political. Its direct aim is internal reform and evolution of internal strength.

The direct result of this evolution when, and if it ever becomes complete, will naturally be tremendously political”.

The Gandhian approach to trade unionism is thus not only related to material aspect, but also to moral and intellectual aspects. Gandhi Ji emphasised that a trade union must strive for all-round betterments of the working-class including training of its members in a supplementary occupation.



## **Why Join A Trade Union?**

Workers join trade union because of a number of benefits which they get from the union. These are explained below:

1. A worker feels very weak when he is alone. Union provides him an opportunity to achieve his objectives with the support of his other fellow beings.
2. Union protects the economic interest of the workers and ensures a reasonable wage for them, so it improves the economic lot of workers by securing higher wages, bonus, allowances and perquisites etc.
3. Union helps the workers in getting certain amenities for them in addition to higher wages e.g., house to live, congenial working conditions etc.
4. Union also provides (in certain cases) cash assistance at the time of sickness or termination of job.
5. Union conducts negotiation between workers and management and acts as a machinery for settlement of industrial disputes.
6. Trade union is also beneficial to employer as it organises the workers under one banner and encourages them to follow peaceful means for getting their demands accepted. It lessens violent class conflicts.
7. Trade union imparts self-confidence to the workers and they feel that they are an important part of the organisation and not simply a cog in the machine.
8. It imbibes sincerity and discipline among the workers.
9. It provides for promotion and training and helps the workers to go to higher positions. It challenges the promotions which are not made as per the promotion policy of the organisation.
10. It ensures stable employment for the workers and opposes the move of the management to replace the workers by automatic machines.
11. Workers get an opportunity to take part in the management and oppose any decision which adversely affects them.



## **Why do Workers Join a Trade Union? (Reasons)**

Human beings are rational creature. They usually act upon rationally in different spheres of their lives. Similarly, workers join a union with a rationale approach whether joining a union will be beneficial or not. This can simply be decided by making a cost-benefit analysis in this regard. The excess of benefits over costs, i.e., profit or reward, justifies workers' joining to a trade union.

Researchers have devoted a great deal of time and effort to study "why do employees choose to join a union." They have failed to report a common list of reasons that apply to all organising efforts.

Nonetheless, there is a general agreement among the labour experts that certain issues are likely to lead to an organising drive by workers Major ones among them are the following:

### **Job Security:**

Employees need to have a sense of job security and want to be sure that management will not make unfair and arbitrary decisions about their employment. They look unions to ensure that their jobs are duly protected against lay-offs, recall, promotion, etc.

### **Wages and Benefits:**

Employees work for livelihood, i.e., bread-and-butter. Obviously, bread-and-butter issues of employees are always important issues in their unionization. The employees may think that the union, with its united strength, will ensure fair wages at par with those of other workers in the community, benefits such as medical facility, pensions, paid sick leave, vacations and holidays for them.

### **Working Conditions:**

Employees like to work in a healthy and safe environment. Although there are statutory provisions for providing employees a safe work environment employees still feel more secured knowing that trade union is directly involved in safety and health issues relating to them.

### **Fair and Just Supervision:**

The days are long gone when managers / leaders could rule employees with an iron fist. Thanks to the trade unions that brought about a change or shift in leadership styles from

autocratic to democratic, or say, people oriented to ensure that the managers treat their employees fairly, justly, and respectfully. Employees can only be disciplined for “just cause.” In case of mistreatment from the employer, the employee may file a written grievance against the employer.

The complaint will be heard and resolved through a formal grievance procedure involving collective discussion by both union and management representatives.

### **Powerlessness:**

Employees individually often feel voiceless or powerless to bring about changes that will benefit them’. But, it is union that provides them a powerful, collective voice to communicate to management their dissatisfaction and frustration. This is based on labour philosophy ‘unity is the strength’.

### **Need to Belong:**

Man is a social animal. Hence, need to belong is strong in both his personal and work lives. The union, from this point of view, provides a mechanism for bringing people together not only to promote common job-related interests but also to organise programmes, functions, and social events from time to time, to create a strong bond among the union members’.

To conclude, the management’s failure in ensuring job security, fair remuneration, safe and healthy working conditions, fair supervision, involvement in decision making, sense of belonging etc., to employees motivates them to join a union. This is corroborated by well investigated research studies also as is shown by Table 26.1.

**Table 26.1: What Union Employees Believe Their Unions Provide Compared to Non-union Employees:**

<i>Item</i>	<i>% Responding</i>
Benefits	67
Pay	62
Job Security	56
Fair Treatment by Supervisors	46
Participation in Decision Making	38
Health and Safety Conditions	38

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**Trade Union Remaining**



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## Some Other Thinkers

According to **Kerr & Siegfelf** a trade union gets workers organized & industrialization are incompatible.

Kerr & his associates think that workers protest is inherent in industrialisation and they explained workers' protest which arise due to stresses & strains of industrialisation. In their view, organised form of protest, is labour, organisation.

Kerr & Siegel also come very near to Tannenbaum's position as regards the factors giving birth to the labour movement. They have, however, pointed to the whole industrialization process as the cause. Sharply criticising Common's assertion that the trade union movement is the result of capitalism they point out that this theory is unacceptable on two grounds.

Kerr & Siegel refenced to industrialization as the cause of trade unionism, their theories also were not flawless. In fact, none of these theories can explain the reason for the belated growth of trade unionism in some of the countries where machine production and industrial process commenced much before the birth of the trade union movement. In India, for example, trade union movement in its true sense began only after the first world war, but modern factory production began, more notably in Bombay and Bengal, much earlier than that.

Moreover, the thesis of Kerr and Siegel may be criticised further on the ground that their theory is also based on a highly questionable assumption. In order to consider trade unionism as the result of the workers' desire to participate in the rule-making process in the industry, we must assume beforehand that they were motivated by an advanced social consciousness and clear understanding of the relationship between their immediate interests and the industrial rule-making process.

Such a consciousness on the part of unorganised workers cannot be assumed, particularly among the uneducated' and illiterate workers in the underdeveloped countries. Even in the developed countries there are reasons for believing that such consciousness would come among the workers only when their organisations are sufficiently developed. The ordinary working-class members may

get some idea of the influences that govern the conditions of work and their standard of living only through their experience of collective bargaining and trade union education. In fact, from our experience of the trade union situation in the underdeveloped countries, where trade unions are more recently born, we may safely consider that it is more possible that trade unionism first originates due to the impact of direct strains won the workers, which tend to curtail their already low standard of living, rather than from their desire to participate in the rule-making process of the industry.

This view does not throw any light on the basic purpose of trade union. **Clark Kerr & Abraham Siegel** offered an analysis of ***inter-industry differences in strike-proneness***, and argued that high strike-rates among geographically or socially isolated, cohesive, homogeneous groups of workers (such as longshoremen, miners, and sailors) were a consequence of their alienation from the wider society and the unpleasant nature of their jobs.

Since the location of the worker in society determines his or her propensity to strike, and location is heavily dependent on industrial environment, then industries will be strike-prone where workers form a homogeneous group isolated from the general community.

Moreover, by selection and conditioning, the nature of jobs determines the kind of workers employed: unpleasant, casual, unskilled work attracts (and fosters) tough, combative workers, who will be likely to strike.

A combination of these two theories explains the differential strike-rates observed across industries.

The thesis generated an extensive secondary literature and considerable controversy.

Critics argued, among other things, that the strike statistics that formed the basis of the argument were unreliable; that the analysis omitted certain key industries (such as steel) which contradicted the argument; and that the explanation of strike-proneness relied too much on a limited range of structural factors and ignored the attitudes of the different parties involved.



## **Perlman's Theory of the "Scarcity Consciousness" of Manual Workers**

From the study of **American Labour Movement** that the objectives of trade unionism change, **Selig Perlman** (University of Wisconsin) propounded his '**Scarcity-consciousness theory of Labour Movement**'.

He rejected the idea of class consciousness as an explanation for the origin of the trade union movement but substituted it with what he called job consciousness.

According to him, 'working people in reality felt an urge towards collective control of their employment opportunities, but hardly towards similar control of industry.' Perlman observed that three dominant factors emerged from the rich historical data:

1. the capacity or incapacity of the capitalist system to survive as a ruling group in the face of revolutionary attacks (e.g., failure in Russia).
2. the source of the anti-capitalist influences being primarily from among the intellectuals in any society.
3. the most vital factor in the labour situation was the trade union movement. Trade unionism, which is essentially pragmatic, struggles constantly not only against the employers for an enlarged opportunity measure in income, security and liberty in the shop and industry, but struggles also, whether consciously or unconsciously, actively or passively, against the intellectual who would frame its programmes and shape its policies.

But Perlman also felt that a theory of the labour movement should include a theory of the psychology of the labouring man. For instance, there was a historical continuity between the guilds and trade unions, through their common fundamental psychology; the psychology of seeking a livelihood in the face of limited economic opportunity. It was when manual workers became aware of a scarcity of opportunity, that they banded together into unions for the purpose of protecting their jobs and distributing employment opportunities among themselves equitably, and to subordinate the



interests of the individual to the whole labour organism. Unionism was ruled thus by this fundamental scarcity consciousness (Perlman, 1970).

### **Hoxies Functional Classification of Unionism**

He classified Unionism on the basis of their functions. His classification were **Business Unionism** for protecting the interest of various craftsmen, "**Uplift unionism**" for the purpose of contributing better life such as association of sales engineers etc. "**Revolutionary Unionism**" which is eager to replace existing social order, "**Predatory Unionism**" which rests on the support of others. He viewed trade unionism as essentially pragmatic and non-revolutionary in its functioning but he did not stress pluralist group responses to the underlying process of industrialization.

**Prof. Robert F. Hoxie**, an American Labour Economist, gave a socio-psychological interpretation to trade unionism and believed that trade unions or labour organisations have emerged owing to a group psychology — a trade unions constituting a common interpretation and set of beliefs concerned with the problems confronting the workers and generalised programme of amelioration.

He established the idea of functional types of trade unions and found the essence of unionism "to be a social philosophy — an interpretation of the social facts and relationships which bear upon the particular group of workers".

He argues that "workers similarly situated economically and socially and closely associated and not too divergent in temperament and training will tend to develop a common interpretation of the social situation and a common solution of the problem of living", and thus, "Unionism is not so much an outward organisation as a like-minded group".

The analysis of functional types of trade unions led him, to believe that

"unionism is not a unified, consistent entity .... Unionism is at bottom no-unitary".

He further states that

"while unionism in its ultimate effects on industrial organisation and conduct of industry is democratic in the sense of its effort to take from the hands of employer's autocratic feudalistic control and put a share of the control and conduct into the hands of the workers tending to democratic industrial revolution-unionism in its own organisation and conduct is hardly to be called democratic".

### **Cole's Theory of Union Control of Industry**

From **British school** we have Sydney and Beatrice Webb, G.D.H. Cole and Harold J. Laski. Their theories of the trade union movement are nearer to that of class struggle as described by Marx and Lenin.

Cole's views are given in his book "World of Labour" 1913. His views are somewhere in between Webb and Marx. He agrees that unionism is class struggle and the ultimate is the control of industry by labour and not revolution as predicted by Marx.

G.D.H. Cole distinguished these two terms, labour movement and trade union movement thus "Its Labour Movement" most universal and spontaneous form is the trade union, the association of wage workers for the protection and improvement of the standard of life"

He argues that unionism is class struggle and the ultimate is the control of industry by labour and not revolution as predicted by Marx. Cole's approach is syndicalist approach which advocates workers shall not aim at merely wages but also get the control of industry in partnership with state. Cole wants that the trade union has to play economic role coupled with political activity which is control of industry. According to him the main role of trade unions is how to run the industry rather than how to maintain state.

According to Cole under capitalism class struggle is the indispensable and irrefutable whether we like it or not. He says the class struggle is preached not on the ground that it is desirable but on the ground that it is monstrous and irrefutable fact.



## **Common's Environment Theory**

Among the exponents of American school of trade unions, Professor John R. Commons and his student Selig Perlman are prime contributors.

With regard to ten volumes of "The History of Labour in the United States" Professor Commons believes that the labour movement is always a reaction and a protest against capitalism.

"He wants to say that as a major part of the labour movement trade unionism comes into being simultaneously with the birth of capitalism".

Commons argues that the class struggle theory of European and other countries does not work in American environment. The factors like free land, expanding frontier etc. of the American environment provides "Job conscious" rather than "class conscious".

His theory has been called as environmental theory of trade unionism. He finds some of the peculiarities of the American environment such as absence of feudal restrictions, free land, class fluidity, democratic political institutions prevented American worker from becoming class conscious.

"Thus, whereas class consciousness served as the unifying principle of the labour movement of Europe, job consciousness according to the Commons Wisconsin School took its place in the labour movement in America". Therefore, we can conclude that according to Commons labour movement is an experimental process of building unions and adapting their policy to 'environment'. He agreed that collective bargaining was an instrument of class struggle, but he summarized that ultimately there will be partnership between employers and employees.



## **Mitchell's Economic Protection Theory of Trade Unionism**

Mitchell, a labour leader, completely rejected individual bargaining. According to him unions afford economic protection to.

## **Simons Theory of Monopolistic, anti-Democratic Trade Unionism**

He denounced trade unionism as monopoly founded on violence. And he claimed monopoly power has no use save abuse.

### **SUMMARY**

To sum up the Marx approach looks it as the instrument for the complete displacement of capitalists both in government and industry by its revolutionary programme.

The Webbs believed that trade unions represent a means by which the principle of democracy applied to the political sphere could be stretched to the industrial field.

The trade union movement in the Marx and Webbs view was an important instrument of the evolutionary process.

Slitcher believed that workers through their unions developed a system of industrial Jurisprudence which served as a means of protection to them in their work.

Perlman viewed trade unionism as essentially pragmatic and thought that it struggles constantly for the improvement of economic conditions and relationships through broad schemes of social and economic reform, Hoxie also viewed trade unionism as essentially pragmatic and non-revolutionary in its functioning but he did not stress pluralist group responses to the underlying process of industrialization.

According to Tannenbaum, trade unionism is unconscious rebellion against automatization of industrial society".

The Gandhian approach observes trade unionism as essentially reformist organisation and economic institution to promote class collaboration as "capital and labour should supplement and help each other. They should be a great family living in unity and harmony". Thus, the basic objective of a trade union everywhere and at every time continues to be economic - the safeguarding and furthering of economic interests of its members.



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## Labour Welfare Theories



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## **Chapter 1: Introduction**

### **Origin and Growth of Labour Welfare:**

The concept of labour welfare originated in the desire for a humanitarian approach to ameliorate the sufferings of the workers and their families on account of the baneful effects of large-scale industrialization like undesirable social consequences and the labour problems which have evolved in the process of transition from tradition to modernity. Later it became a utilitarian philosophy which worked as a motivating force for labour and for those who were interested in it. Lastly, labour welfare received inspiration from the evolution of the social thought in regard to democracy and welfare state. With such a varied background and changing values, labour welfare and its contents have acquired a kaleidoscopic nature.

### **The Concept of Labour Welfare**

The I.L.O. (SEA) session held at New Delhi in 1947 defined Labour Welfare as “such services, facilities and amenities, which may be established in or in the vicinity of, undertakings to enable persons employed therein to perform their work in healthy, congenial surroundings and to provide them with amenities conducive to good health and good morale.

N.M. Joshi felt that labour welfare “covers all the efforts which employers make for the benefit of their employees over and above the minimum standard of working conditions fixed by Factories Act and over and above the provision of social legislation providing against accident, old age, unemployment and sickness”.

The Committee on Labour Welfare (1969) defined labour welfare to “include such services, facilities and amenities as adequate canteens, rest and recreational facilities, sanitary and medical facilities, arrangements for travel to and from work and for the accommodation of workers employed at a distance from their homes and such other services, amenities, and facilities including social security measures as contribute to improve the conditions under which workers are employed”.

### **Scope of Labour Welfare in India:**

**Scope of Labour Welfare:** Labour welfare is a dynamic concept which acquire as new dimensions with the changes in the environment of industry. It was as early as 1931 that „Whitley Commission observed, “Labour welfare is one which must necessarily be elastic, bearing a somewhat different interpretation in one country from another, according to the different social customs, the degree of industrialization and the educational development of the workers”.

The Study Team, appointed by the Government of India in 1959 to examine labour welfare activities then existing, divided the entire range of these activities into three groups, viz.,

- Welfare within the precincts of an establishment: medical aid, crèches, canteens, supply of drinking water, etc.,
- Welfare outside the establishment: provision for indoor and outdoor recreation, housing, adult education, visual instructions, etc.
- Social security.

### Welfare Services:

**Types of Welfare Services:** The Committee of Experts on Welfare Facilities for Industrial Workers set up by the ILO in 1963 divided welfare services into two groups –

1. Within the precincts of the establishment and
2. Outside the establishment.
3. **Intramural:** Welfare amenities within the precincts of the establishment (intramural) such as latrines and urinals; washing and bathing facilities; crèches, rest shelters and canteens, arrangements for drinking water, arrangements for prevention of fatigue, health services including occupation safety, administrative arrangements to look after uniform and protective clothing and shift allowances.
4. **Extramural:** Welfare amenities outside the establishment such as maternity benefits, social insurance measures including gratuity, pension, provident fund and rehabilitation, benevolent funds; medical facilities including programmes for physical fitness and efficiency; family planning and child welfare; education facilities including adult education; housing facilities; recreational facilities including sports, cultural activities, library and reading room, holiday homes and leave travel facilities; workers cooperative stores, fair price shops and cooperative thrift and credit societies; vocational training for dependants of workers; welfare programmes for welfare of women, youth and children; and transport to and from the place of work.

### Chapter 2: Importance of Labour Welfare

The basic objective of labour welfare is to enable workers to live a richer and more satisfactory life. Labour welfare is in the interest of the labour, the employer and the society as a whole. The main benefits of the employee welfare services have been discussed hereunder.

1. **Benefits to the Workers:** The usefulness of welfare need not be overemphasized. For instance, the provision of welfare measures such as good housing, canteens medical facilities etc, makes the workers realize that they have some stake in the undertaking in which they are employed and so they think thrice before taking any reckless action, which might prejudice the interest of the undertaking.



2. **Benefits to employers:** The provision of welfare facilities is not only beneficial to workers but also to employers in several ways. For instance, the provision of welfare facilities helps in increasing the employee productivity by improving their physical and psychological health. Besides this, it helps in improving the goodwill and public image of the enterprise. It also helps in improving good industrial relations and industrial peace
3. **Benefits to the Society Labour / Employee:** welfare is also in the interest of larger society because the health, efficiency, and happiness of each individual represent the general well-being of all. Well-housed, well-fed and well-looked after labour is not only an asset to the employer but also serves to raise the standards of industry.

### **Chapter 3: Theories of Labour Welfare**

The theories of labour welfare reflect the evolution of the concept of welfare. Earlier, the Government had to compel the industrial organizations to provide basic amenities to their employees. Such compulsion was necessary because the employers used to exploit the labour and treated them in an unfair manner. With the passage of time, the concept of welfare has undergone changes. Progressive managements today provide welfare facilities voluntarily and with enlightened willingness and enthusiasm. In fact, welfare facilities are no longer restricted to workers alone but also extended to social welfare also. In this regard, a brief description of the various theories of employee welfare has been outlined hereunder.

1. The Police Theory
2. The Religious Theory of
3. The Philanthropic Theory
4. The Trusteeship Theory
5. The Placating Theory
6. The Public Relations Theory
7. The Functional Theory

- **The Police Theory:** The police theory is based on the contention that a minimum standard of welfare is necessary for labourers. Apparently, this theory assumes that man is selfish and self-centered, and always tries to achieve his own ends, even at the cost of the welfare of others. If wealth or authority or both help him to be in an advantageous position, he uses it for his own advantage, exploiting those who are under him. According to this theory, owners and managers of industrial undertakings get many opportunities for this kind of exploitation. The welfare state has to prevent this kind of exploitation and coerce the



industrialists to offer a minimum standard of welfare to their workers

- **The Religious Theory:** This theory is based on the concept that man is essentially “a religious animal”. Even today, many acts of men are related to religious sentiments and beliefs. These religious feelings, sometimes, prompt an employer to take up welfare activities in the expectation of future benefit, either in this life or in some future life. According to this theory, any good work is considered as “Investment”. In this case, both benefactor and the beneficiary are rewarded. Many trusts and charitable institutions in India function on the basis of this belief.

Another aspect of the religious theory is the atonement aspect. Some people take up welfare work in a spirit of atonement for their sins. Thus, the benevolent acts of welfare are treated either as an investment or an atonement. According to this theory, man is primarily concerned with his own welfare and only secondarily with the welfare of others. The religious basis of welfare however cannot be rational.

- **The Philanthropic Theory:** This theory is based on man’s love for mankind. In Greek, philo means love of and anthropes means man. So philanthropic means loving mankind. Man is believed to have an instinctive urge by which he strives to remove the sufferings of others and promote their well-being. This drive may be a rather powerful one and may impel him to perform noble sacrifices. When some employers have compassion for their fellowmen, they may undertake labour welfare measures for the benefit of their workers.
- **Trusteeship Theory:** This is also called the paternalistic theory of labour welfare, according to which “the industrialist or employer holds the total industrial estate, properties and profits”. These properties and profits, he uses for himself, for the benefit of his workers and also for society. Workers are like minors. They are ignorant because of lack of education and are not able to look after their own interests.
- **The Placating Theory:** This theory is based on the fact that labour groups are becoming more militant and are conscious of their rights and privileges than ever before. Their demand for higher wages and better standards can not be ignored. According to this theory, timely and periodical acts of labour welfare can appease the workers. They are some kind of pacifiers by way of friendly gestures. Sincerity may be lacking in these programs. Psychologically this theory is unsound, though it has often been acted upon to secure the workers cooperation.
- **The Public Relations Theory:** This theory provides the basis for an atmosphere of goodwill between labour and management and also between management and the public. Labour welfare programs, under

this theory work as a sort of an advertisement and help an industrialist to build up good and healthy public relations. This theory is based on the assumption that the labour welfare movement may be utilized to improve relations between management and labour.

- **The Functional Theory:** This is also called Efficiency Theory. Here, welfare work is used as a means to secure, preserve and develop the efficiency and productivity of labour. It is obvious that if an employer takes good care of his workers, they will tend to become more efficient and thereby they step up production. But all this will depend on a healthy collaboration between union and management and their mutual concern for the growth and development of the organization.

#### **Chapter 4: Conclusion**

Labour welfare and job satisfaction are two dimensions that are important to ensure industrial peace, excellent industrial relations and progress of the nation. Labour welfare facilities provided by employers are based on diverse approaches and connected to various theories. Job satisfaction is influenced by different factors, which determine the level of satisfaction employees will experience at the work place. Job satisfaction also rests on certain theories and is influenced by different schools of thought.

The job is satisfying when there is a match between the characteristics of the job and the needs of the individual. Labour welfare facilities can bring about the fulfillment of employees' expectations and thus promote job satisfaction.

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## Concept of Labour Welfare



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## **Labour Welfare – Introduction**

The term “Welfare” refers to a staff of living of an individual or a group in the context of his physical, social and psychic environment. The concept of labour welfare has undergone considerable change. Social and economic development of the country has to be towards the enactment of labour welfare and labour protective legislations. An individual’s adjustment to his environment is required for his existence in the industrial world.

A workers is paid for the types of his services but payment depends on nature of work, his efficiency, capacity of the industry to pay and significance of his work in that particular industry. A worker has to maintain balance at workplace. He has to adjust with the physical working conditions as well as with type of supervision, co-workers, etc.

The acceptance, respect, goodwill, attention and recognition, which a worker gets from his work group, community, family and neighbourhood forms an integral part of the modern concept of labour welfare. Capacity of the worker to satisfy his physiological needs like food, clothing and shelter from his pay packet refers to physical concept of labour welfare.

But economic status governs his social status in modern society; type of food which he can afford, types and quality of dresses which he and his family members wear and nature of house with types of comforts determine his social status. Thus welfare is a physical concept as well as a social concept.

Every society has its own moral codes and conduct. A worker has to adobe by its ethical values. There are do’s and don’ts of the society. For example, prohibition may be a state law but it may be a customary practice to provide drinks to the guests on certain social occasions like marriage ceremony, death ceremony, etc.

All these concepts of labour welfare physical, social and moral are inter-related. Purchasing powers of money-wages determine a worker’s social status and morals of the society govern his day-to-day behaviour. Thus welfare is a total concept. Totalitarian concept on the other hand, concept of labour welfare differs from society-to-society, country-to-country and it also changes with changing time.

So it is difficult to decide minimum and maximum condition of labour welfare. Whatever are the minimum requirements for western workers might be maximum for developing country’s workers. Similarly, whatever is minimum for officers might be maximum for lower cadre workers? Needs of young workers differ from those of old workers?

Even for same workers needs of welfare are different at different stages of their life. Thus welfare is a relative concept; it is related with time, age, and culture, social and moral values, etc.

## **Labour Welfare – Meaning**

Labour welfare relates to taking care of the well-being of workers by employers, trade unions, governmental and non-governmental institutions and agencies. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families.

According to ILO, labour welfare can be defined as a term, which is understood to include such services, facilities, and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and to provide them with amenities conducive to good health and high morale.

Oxford dictionary- "Labour welfare is efforts to make life worth living for workmen." The need for providing such services and facilities arise from the social responsibility of industries, a desire for upholding democratic values and a concern for employees. Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. The welfare measures need not be in monetary terms only but in any kind/forms. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families.

Labour welfare entails all those activities of employer, which are directed towards providing the employees with certain facilities and services in addition to wages or salaries. Labour welfare implies providing better work conditions for example, proper lighting, cleanliness, low noise, etc. and amenities viz. recreation, housing, education, etc. Arthur James Todd- "Labour welfare means anything done for the comfort and improvement, intellectual and social, of the employees over and above the wages paid which is not a necessity of the Industry."

### **Labour Welfare – Definitions Given by Different Experts, Dictionaries and ILO**

Labour welfare has been defined by different authors in different ways but every definition has its own significance.

#### **The definitions given by different experts are the following:**

The Oxford dictionary explains labour welfare as efforts to make life worth-living for workers.



Chamber's dictionary explains welfare as a state of faring or doing well; freedom from calamity, enjoyment of health, prosperity, etc.

According to Industrial Labour Organisation (ILO), "Labour welfare may be understood and including such services facilities and amenities which may be established in vicinity of undertaking to perform their work in healthy and congenial environment and to avail of facilities which improve their health and bring high morale."

Further, ILO report speaks of labour welfare as such services, facilities and amenities which may be established outside or in the vicinity of undertakings, to enable the persons employed therein to perform their work in healthy and congenial surroundings and to provide them with amenities conducive to good health and high morale. (ILO, Asian Regional Conference Report-H 1947)

In the Encyclopedia of Social Sciences, welfare is defined as – "the voluntary efforts of the employers to establish, within the existing industrial system working and sometimes living and a cultural condition of the employees beyond what is required by law, the customs of the industry and the conditions of die market."

According to Arthur James Todd, "Labour welfare means anything done for the comfort and improvement, intellectual and social, of the employees over and above the wages paid which is not a necessity of the Industry."

S.T. Edwards (1953)- "One can buy a man's time, his physical presence at a particular space, even a few muscular movements, but enthusiasm, initiative, loyalty and devotion to duty cannot be bought. They will have to be created through right employer-employee relations, provision of constructive opportunities for satisfying the major motivating desires of human action."

In 1931 the Royal Commission on Labour stressed the need of labour welfare primarily because of the harsh treatment meted out to the workers.

Thus the essence and emphasis of definition of labour welfare lay stress on the improvement to workers' intellectual, social and moral well-being. It can be derived from the definitions mentioned above that labour welfare aims at providing better living and working conditions. It should be either a voluntary effort by the employer or in some cases; government should take the responsibilities of workers' welfare or to enforce legal measures to protect the interest of the workers.

### **Labour Welfare – Evolution in India**

In India, labour welfare programmes are evolved through philanthropist, religious leaders, social workers and voluntary organisations. With the inception of industrial revolution, large-scale industries were established in big cities.



Workers migrated from villages to cities. They were attracted by higher wages, comforts and recreation of city life; but they were exposed to bad working conditions, long hours of work, low wages, health hazards, and absence of safety measures and unsatisfactory working and living conditions.

First Factories Act was passed in 1981. At that time it was applicable to factories employing not less 100 workers using power. Today, the Act is implemented in factories employing 10 or more workers with the aid of power and 20 or more workers without the use of power.

The Government of India appointed a committee to review the conditions of industrial labour in 1907. On the basis of the recommendations of the committee a more comprehensive Act, the Indian factories Act of 1910 was introduced for all seasonal factories. The hours of work for adult male workers were specified to 12 per day. Today it is 8 hours a day.

Some voluntary efforts in the interest of welfare of workers were made by the amalgamated society of Railway servants of India and Burma. The Printers Union, Calcutta (1905) and the Bombay Postal Union (1907) introduced mutual insurance schemes, night schools, educational stipends, funeral allowances, etc.

The First World War 1914 led to new developments. The number of factories and the number of persons employed therein increased. Wages did not keep pace with the rising prices and profits.

The establishment of the International Labour organisation in 1919 was a landmark in the history of labour movement. ILO created a conciseness and unity amongst workers. All India Trade Union Congress (AITUC) was established in 1920. The Indian Factories Amendment Act of 1922 was passed.

It was applicable to all factories employing not less than 20 persons. Children below the age of 12 and 14 were not allowed to work for more than 6 hours a day. Children and women were not employed between 7.00 p.m. and 5.30 a.m.

The Royal Commission on labour was appointed in 1929. It made an exhaustive survey of conditions of workers. Its observation led to the enactment of a number of legislations like Payment of Wages Act, Minimum Wages Act, etc. In 1949 Labour Investigation Committee (Rege Committee) was appointed. The committee made a detailed survey of working conditions, housing, slum, education of workers, etc.

In the meanwhile Second World War had its own impact. After independence different central trade unions were established AITUC (1949), HMS (1948), INTUC (1994), BMS (1995), CITU (1990) and NLO.

On the basis of the recommendations of Rege Committee Governments of India enacted the present Factories Act, 1948. The directive principle of state

policy of the constitution of India also states that, "The state shall strive to promote the welfare of the people by securing and promoting as effectively as it may a social order in which justice, social, economic and political shall inform all the institutions of national life".

All the Five Year Plans have protected the interest of workers. The National Commission on Labour was introduced in 1960-69. It has dealt with labour problems most comprehensively.

**Labour Welfare – Scope of Labour Welfare: Working Environment, Health Facilities, General Welfare Facilities and Economic Welfare Facilities**

Welfare service are divided into two groups – (a) Welfare services within the premises of the factory (intra-mural) such as – drinking and washing facilities, bathing, creche, canteen, rest room, shelter, prevention of fatigue and safety devices and (b) Welfare amenities outside the establishment (extra-mural) include social security measures like social insurance, social assistance, recreation, sports, workers' education, etc.

It also includes, cooperative credit societies transportation, housekeeping. Scope of labour welfare takes care of workers' life from cradle to grave as employees' state insurance scheme provides medicine to a worker child and provides funeral benefit to a worker after his last minutes in this world. Scope of labour welfare includes statutory and non-statutory welfare amenities which are also increasing day-by-day and in most of workers' welfare is by and large acceptable to society.

On the whole labour welfare aims at minimizing stress and strains of industrial workers. It observes that workers get clean and neat environment of work. They should get safe working conditions with minimum hazards of work life. They should be able to live a life with dignity, status and self-respect. Scope differs from industry-to-industry and country-to-country.

As per 1981 census, women workers constitute about 19 per cent of the total workforce (i.e., 45 million out of 222 million). Out of 45 million a small fraction of about 2 million women workers were employed in the organized sector. They were not covered by any protective labour legislation.

Majority of women are employed in cotton textile, bidi making, garment industries, rice mills, tobacco cutting, Cashewnut, matches, construction work, plantations, and household and small-scale industries. On account of scientific and technological development of the country, there is an increase in the employment of women in electronics industries.

The scope of Labour Welfare is very broad because it covers different industries and activities.

**However, the researchers have summarized the scope and listed the following facilities covered in the scope are:**



### **#1. Working Environment:**

Conducive working environment helps to improve efficiency of workers and includes proper lighting, temperature, ventilation, safety, sanitation, transportation, cleanliness, seating arrangement and canteen facilities. Workplace sanitation and cleanliness is very important for making workplace helpful for workers to work.

#### **Following activities are important to make it conducive for working:**

- a. Proper ventilation using cross windows and doors, adequate lighting, controlled temperature, regular cleanliness, seating/standing arrangements for working, etc.
- b. Proper safety measures for lift, elevators, ropes, cranes, electric and dangerous operating.
- c. Sufficient urinals separate for gents and ladies, lavatories and bathing facilities with regular proper cleaning.
- d. Proper gardening with watering facilities and cleanliness of surrounding regularly.
- e. Pure drinking water facilities with purification and cooling facilities.
- f. Well maintained canteen services with good quality of food at nominal rates.

### **#2. Health Facilities:**

Health is wealth. To maintain good health of the workers, the required health facilities should be maintained up to required standard.

#### **It includes the following facilities:**

- a. Health centre for regular check-up for workers and their families should be provided within factory or nearest place.
- b. Availability of ambulance service at telephone call itself should be provided in case of emergency.
- c. Free and regular medical check-up of workers and counselling regarding health and diet to workers.
- d. Availability medical staff and of doctors inside the factory for emergency.
- e. Welfare facilities for women and children such as – crèches, checking for pregnancy, etc.
- f. Suitable sports and recreation facilities in the premises.
- g. Schooling, vocational training facilities and library services

### **#3. General Welfare Facilities:**

- a. Housing facilities for workers near to the work facilities.



- b. Cleaning and sanitation facilities in housing facilities.
- c. To and fro transportation facilities for workers and their children going for schools
- d. Sports facilities of indoor and outdoor in the residential location.
- e. Family planning and family care counselling.
- f. Entertainment facilities in the campus for workers and their families.
- g. Transport facilities for tours, picnics and festival celebration.

#### **#4. Economic Welfare Facilities:**

- a. Subsidized consumer goods including grains, vegetables, milk, oil and other daily requirements through cooperative stores.
- b. Banking, postal, services and credit facilities through credit society.
- c. Health insurance schemes by employers free of costs.
- d. Regular basis bonus and profit-sharing schemes.

### **3 Important Concepts: Holistic Concept, Social Concept and Relative Concept**

The concept of 'Labour welfare' is flexible and elastic and differs widely with times, regions, industry, country, social values and customs, the degree of industrialization, the general social economic development of people and political ideologies prevailing at particular moments.

The Committee on Labour Welfare (1969)- "Such facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities arrangements for travel to and from and for accommodation of workers employed at a distance from their homes, and such other services, amenities and facilities including social security measures as contribute to conditions under which workers are employed."

The second report of the LLO- "Labour welfare as, such services and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and such amenities conducive to good health, and high morale."

Labour welfare can be described in terms of three dimensions namely the holistic welfare initiatives, social and relative welfare programs taken by the organization.

#### **1. Holistic Concept of Labour Welfare:**

The "holistic" concept of labour welfare can be described as the achievement of desirable state of existence involving physical, mental, moral and emotional well-being of the working class. One case could be cited here to illustrate holistic labour welfare.

In the Peenya Industrial Area of Bangalore, the Peenya Industrial Association (PIA) which is a professional body/association comprising of the membership of almost all big/large, medium/small enterprises in the area had catered all feasible initiatives in the Peenya area so as to improve the quality of work life of the enterprises working in this part of the city of Bangalore.

This includes conducting special training and induction programs for workers from various expertise and capabilities, counseling programs, entrepreneurial development programs, providing financial assistance to sick units and needy workers, extending insurance schemes and facilitating loans to needy employees, improving the condition of the roads, drainage, lighting of the roads (done in association with BESCOM and the state Government authorities) and also ensuring the preservation of the greenery of the area.

## **2. Social Concept of Labour Welfare:**

The social concept of labour welfare involves the wellbeing of an individual and the harmonious relationship established with the community and even his/her own family, working groups, superiors, subordinates etc.

## **3. Relative Concept of Labour Welfare:**

Labour welfare could be considered as a more or less relative term; relative to the time, place and even the individual(s) concerned. Hence taking this into consideration labour welfare should be described in terms of a dynamic and flexible concept. Thus the concept of labour welfare may vary from place to place, industry to industry and even country to country.

## **Labour Welfare – Aims and Objectives**

Labour welfare aims at total development of workers personality based on humanitarian grounds. It aims at helping the needy, the poor and the most deserving community. Major objective of labour welfare is to minimize exploitation of workers. Management wants efficient, productive, hardworking, sincere and law abiding workmen, which can be attracted by providing liberal welfare measures. Such measures also improve industrial relations in the industry.

### **From various studies, the summarized objectives are to:**

- (a) Provides social comfort to employees.
- (b) Support overall improvement of employees.
- (c) Provide financial support indirectly to the employees.
- (d) Contribute in developing sense of responsibility and belongingness among employees.
- (e) Improve working conditions at the workplace for employees.
- (f) Maintain and retain the existing workforce.



- (g) Reduce rate of absenteeism from work and labour turnover from job.
- (h) Improve lives of employees comfortable and happy.
- (i) Improve productivity and efficiency of employees at workplace.
- (j) Provide healthy and proper working conditions.
- (k) Ensure betterment of employees and families and society as a whole.

**Labour Welfare – Prominent Features of Labour Welfare: Addition to Wages and Salaries, Functions, Dynamic, Flexible, Voluntary and/or mandatory and Purpose**

**The prominent features of labour welfare are as follows:**

1. Addition to wages and salaries – Welfare measures are undertaken in addition to regular wages and other economic benefits provided to the workers under legal provisions and collective bargaining.
2. Functions – Labour welfare programme includes various services, facilities and amenities provided to workers for improving their health, efficiency, economic betterment and to enhance social status of the employees.
3. Dynamic – Labour welfare is dynamic in nature. It varies from country to country, region to region and organisation to organisation. Labour welfare activities depend upon the need of the workers, their social status, and social class and so on.
4. Flexible – Labour welfare is a flexible and ever changing concept as new welfare measures are added from time to time to the existing measures. The needs of work force changes with time and the changing social environment.
5. Voluntary and/or mandatory – Some labour welfare measures are provided by laws and mandatory, while some are voluntarily provided by the organisation for betterment of the employees. Welfare measures may be introduced by the employers, government, employees or by any social or charitable agency.
6. Purpose – The basic purpose of labour welfare is to improve the social life as well as work life of the work force.

**Top 5 Principles: Principle of Integration, Principle of Association, Principle of Responsibility, Principle of Accountability and Principle of Timeliness**

Labour welfare has emerged as a professional discipline.

**Just like any other applied profession, it has specific aims and objectives based upon certain principles:**

- (a) Principle of Integration or Coordination – Welfare programmes cannot be segregated. They cannot be taken up part-by-part. It is a whole programme.



For example, health and welfare should cover up all the aspects of health and hygiene, physical, social and moral hygiene.

(b) Principle of Association – Any welfare programme meant for the development of workers' community should associate workers with the planning and execution of the programme. Workers should be associated for conducting activities.

(c) Principle of Responsibility – Workers should be incorporated and they should be hold responsible for the activities aiming at workers' welfare. For example, workers participate in safety committees, sports committees, canteen committees, etc.

(d) Principle of Accountability – Every programme, every person and every activity should be answerable. Welfare programme are socially audited and evaluated. Successful programme are retained Weaker programme are straightened.

(e) Principle of Timeliness – Timely help is a valuable help. A stick in time saves nine. When a worker needs economic assistance for trading a sick child or for building a house, there should be reasonable lapse of time but beyond a limit he can't wait. Appropriate action begins taken for welfare might serve the purpose. In certain circumstances of emergency, delay in assistance means denial of human value and justice.

**Importance: Improvement of Industrial Relations, Creation of Permanent Labour Force, Increase in General Efficiency and Income of Workers & a Few Others**

Labour Welfare are all meant for increasing labour productivity through all-round development of labour. By improving industrial relations, labour welfare measures contribute immensely towards creating an environment in which management with the full co-operation of workers can execute the plans and programmes of the organisation for realisation of its ultimate goals.

**The importance of labour welfare are as follows:**

### **1. Improvement of Industrial Relations:**

Labour Welfare measures are so comprehensive that they satisfy workers, if properly implemented. This satisfaction on the part of workers is a great stimulus for the industrial relations to improve. When workers are convinced that adequate measures have been taken to improve their work environment and their conditions of service, then they naturally repose confidence in the management and thus it helps maintenance of industrial peace.

### **2. Creation of Permanent Labour Force:**

Well- adopted labour welfare measures restrict labour mobility. Workers generally feel reluctant to leave an organisation where their welfare is sincerely looked after. This attitude that welfare measures create helps the

creation of permanent labour force which is important for an organisation to pursue plans and programmes on a continuous basis.

### **3. Increase in General Efficiency and Income of Workers:**

The comprehensive welfare measures assuring workers good accommodation, proper health-care, suitable work environment make the workers contented. Their contentment is a great inducement for them to work more. They become more efficient as they are not worried about their primary needs. Since their productivity increases, they earn more; their income increases.

### **4. Enhancement of the Morale of Workers:**

Labour welfare measures act as a booster to the morale of the workers. Workers with better amenities of life shun many of their vices and offer willing co-operation to management. This is a great benefit for the organisation.

### **5. Development of the Sense of Belonging:**

Labour Welfare measures make the workers feel that they are one with the organisation. Management thinks so much for them, does so much for their welfare that they cannot isolate themselves from the organisation – they feel oneness with the organisation. This feeling that they have some stake in the organisation will help restore industrial peace. It will enhance their devotion to the job and thus the enterprise, as a whole, will be benefitted.

### **6. Change in Outlook of Employers:**

The change in the dealings of the workers consequent upon the introduction of labour welfare measures make the employers satisfied with them. Thus, there is a change in the outlook of the employers towards labour; a cordial relation is set up and the work environment improves considerably. When the employers find the workers willing to work and devote themselves to the development of the organisation, they do not even hesitate to allow them to participate in management.

### **7. Improvement of the Moral and Mental Health of Workers:**

Welfare measures include such measures as would prevent the workers from indulging in vices such as drinking, gambling etc. and thus their moral and mental health improves contributing overall improvement in the health of the organisation and society.

### **8. Benefit to the Society:**

Besides providing economic benefits to workers, labour welfare measures extend to workers various facilities that have direct bearing on their better mode of living. Because of medical benefits extended to them, the workers enjoy better health and infant mortality among the workers declines.

The workers feel happier and the society as a whole is benefitted with people having better standards of living and better equipped with more purchasing



power to contribute to the general welfare of the country in general and the society in particular.

### **Qualifications and Functions of Labour Welfare Officer**

A welfare officer to be appointed should possess- (i) a university degree; (ii) degree or diploma in social sciences, social work or social welfare from any recognised institution; and (iii) adequate knowledge of the language spoken by the majority of the workers in the area where the factories, mines and plantations are situated.

The National Commission on Labour has stated that, “laws were made to ensure that the managements appointed a person exclusively to look after the welfare of their workers and help them in discharging their statutory obligations in respect of welfare measures. Welfare Officers should form part of the administration in order to discharge their responsibilities effectively. Therefore, the eligibility of a Welfare Officer must be ensured before his appointment. The Welfare Officer should not be called upon to handle labour dispute on behalf of the management.”

The Committee on Labour Welfare, after going through the views expressed by the State Governments, public sector undertakings, private employers’ organisations, workers’ organisations and eminent persons in the field of relations and on the role and status of welfare officer, recommended that-

“The management should designate one of the existing officers to their personnel department as welfare officer to fulfill the purpose of the law. The management should ensure that only such officers of the personnel department are designated to look after the welfare activities as are properly qualified to hold these posts and have aptitude for welfare work.”

### **Functions of Labour Welfare Officers:**

**In actual practice, the welfare officer has been entrusted with the following functions:**

#### **(a) Supervision of:**

- (i) Safety, health and welfare programmes; housing, recreation, and sanitation services;
- (ii) Looking after the working of the joint committee;
- (iii) Grant of leave with wages; and
- (iv) Redressal of workers’ grievances.

#### **(b) Counselling Workers on:**

- (i) Personal and family problems;
- (ii) Adjusting to work environment; and



(iii) Understanding rights and privileges.

**(c) Advising the Management on Matters of:**

- (i) Formulating welfare policies;
- (ii) Apprenticeship training programmes;
- (iii) Meeting statutory obligations to workers;
- (iv) Developing fringe benefits; and
- (v) Workers' education and use of communication media.

**(d) Establishing Liaison with Workers to:**

- (i) Understand the various limitations under which they work;
- (ii) Appreciate the need of harmonious industrial relations in the plant;
- (iii) Interpret company policies to workers; and
- (iv) Persuade workers to come to a settlement in the event of a dispute.

**(e) Establishing Liaison with the Management to:**

- (i) Appreciate the workers' viewpoint on various matters;
- (ii) Intervene on behalf of the workers in matters under the consideration of the management;
- (iii) Help different department heads to meet their obligations;
- (iv) Maintain harmonious industrial relations in the plant; and
- (v) Suggest measures for the promotion of the general well-being of workers.

**(f) Working with the Management and Workers to:**

- (i) Maintain harmonious industrial relations in the plant;
- (ii) Arrange a prompt redressal of grievances and speedy settlement; and
- (iii) Improve the productivity and productive efficiency of the enterprise.

**(g) Working with the Public to:**

- (i) Secure a proper enforcement of the various provisions of the Acts as applicable to the plant by establishing contact with factory inspectors, medical officers and other inspectors;
- (ii) To help workers to make use of community services.

It is obvious that the duties and functions entrusted to a Welfare Officer range from assisting the management in policy formulation and implementation to supervising welfare programme, establishing contacts with workers and the public, solving workers' problems and grievances.

The National Commission on Labour has stated, “the care of workers in all matters affecting their well-being, both at the place of work and outside, puts a special responsibility on the welfare officer. He should be a ‘maintenance engineer on human side.’ In many cases, he also handles grievances and complaints of workers relating to terms and conditions of service and domestic and other matters which lie in the domain of personnel management. There is, thus, virtually, no demarcation between personnel management functions and welfare functions.”

The Commission recommended that “in order to reduce the hierarchical hiatus in the status of these two officers, there should be an interchange to encourage professional functional mobility and to eliminate the functional monopoly as well the hierarchical status problems.”

A Welfare Officer in India is a “multi-purpose personnel officer.” He is a mainly concerned with welfare of the staff with a role of staff adviser or specialist. He is expected to act as an adviser counsellor, mediator and a liaison-man between the management and labour, i.e., to act as a “maintenance engineer on the human side.”

**The Central Model Rules, 1957, define the duties of welfare officers so widely (Rule 7) as to comprise:**

- (1) Helping maintain harmonious relation between factory management and workers.
- (2) Redressal of workers’ grievances.
- (3) Providing feedback to management regarding labours’ point of view “to shape and formulate labour policies and to interpret these policies to the workers.”
- (4) To watch industrial relations and settle disputes by “persuasive efforts.”
- (5) To advise management on the implementation of health and safety programmes.
- (6) To promote productive efficiency.
- (7) Amelioration of the working conditions and helping workers to adjust and adapt themselves to the working environment, and
- (8) Personnel counselling — advising workers on individual personal problems, etc.

It will, thus, be observed that practically the whole gamut of personnel management, except disciplinary action, recruitment, and promotion seem to be comprised in this formulation.

Based on these Central Model Rules we give below the duties authority and responsibilities of Labour Welfare Officer in India.



In the United Kingdom, these duties are performed by personnel officers. It may, therefore, be said that the government has unconsciously attempted to develop the institution of personnel management through the appointment of welfare officers in industries.

However, in the USA and the UK, the personnel manager is an integral part of the top level management and is on a par with the manufacturing and marketing managers. He is clearly defined “staff” and not “line” function. He is in touch with all personnel, enjoys the trust, confidence and respect of all ranks, a position which enables him to advise both management and labour.

In that sense the personnel manager is the most powerful bridge connecting the management with labour. He is the central figure in any productivity programme. Contrary to this, the personnel function in India has not made rapid advances. This may be attributed to the impediments in its way.

### **3 Basic Categories of Labour Welfare Services**

- **Economic Services,**
- **Recreational Services**
- **Facilitative Services**

**Broadly labour welfare services can be classified into two categories:**

(i) Within the Organization Services (Intra-mural). The services provided within the organization include medical aid, recreational facilities, libraries, canteens, rest rooms, washing and bathing facilities, etc.

(ii) Outside the Organization Services (Extra-mural). Outside the organization, welfare arrangements include housing accommodation, transport, children's education, sports fields, holiday homes, leave travel facilities, interest free loans, etc.

**The welfare facilities may further be classified into three basic categories:**

#### **Category # 1. Economic Services:**

Economic services provide for some additional economic security over and above wages or salaries. Examples of economic services are pension, life insurance, credit facilities etc. Proper pension programme reduces dissatisfaction in the area of economic security. Some establishments have a scheme of family pension also, which provides for payment of pension to the family members of the employee in case of his death.

The employer may also pay the premium on the life insurance policies of the employees. The employers can give loans to the employees for purchase of consumer goods, or at the time of any marriage or other functions in the family of the employees. The loans to be repaid by the employees is in the



form of monthly instalments to be deducted from their salaries. Some organizations help the employees to start cooperative credit societies to meet the urgent financial needs of employees.

### **Category # 2. Recreational Services:**

Management may provide recreational facilities to the employees. Recreation in the form of music, sports, games, art and theatre can play a very important role in the physical and mental development of employees. The employees generally get bored by the routine and monotonous jobs which they perform every day. Their attitude improves when the routine is broken occasionally.

This will improve the cooperation and understanding among the employees. Management can provide reading rooms, libraries, TV's, etc., for the recreation of employees. There can be provision for indoor games like Table Tennis, Carrom, etc. Big organizations can also make arrangements for outdoor games and can induce the workers to prepare teams to play matches with other similar teams.

### **Category # 3. Facilitative Services:**

**These are facilities which are generally required by employees and provided by employers:**

#### **(i) Housing Facilities:**

Housing is an important part of employee welfare in India. Some organizations construct houses/flats for the employees and provide the same to them either free of cost or at nominal rents. Some organizations give house rent allowances to the employees, so that they can get houses on rental basis. Some organizations provide loans to the employees at concessional rates to enable them to construct their own houses/flats.

#### **(ii) Medical Facilities:**

Health is a very important for employees. Within the factory premises, the employees must make provision for first aid facilities. In addition, medical schemes are generally in operation, which provide for the reimbursement of actual medical expenditure incurred by the employees. The organizations may also prescribe some doctors from whom the employees may get services in case of need. Large organizations can have their own dispensaries or hospitals for providing medical facilities to the employees.

#### **(iii) Education:**

The National Commission on Labour and the committee on labour welfare has recommended that facilities should be provided for educating the worker and in running schools for children of the workers. Instead of starting a school, the organization may give education allowance for the children to the employees or reimburse the educational expenditure of the children of the employees.

**(iv) Transportation:**

Some organization provide transport facilities to employees. With the growth of industries, the distance between work place and residence of workers has increased considerably. This facility has, therefore, become very important, as it will help in reducing strain and absenteeism. The committee on labour welfare recommended the provision of adequate transport facilities to workers to enable them to reach their work place without loss of much time and without fatigue.

Sometimes, if the employers do not provide transport facilities, they give conveyance allowance to the employees. Some employers also give interest free or concessional loans to employees for the purchase of vehicles.

**(v) Consumer Cooperative Stores:**

The National Cooperative Development Board set up a committee in 1961. The committee suggested that employers should introduce consumer cooperative stores in their labour welfare programmes.

The Indian Labour Conference in 1963 adopted schemes for setting up consumer cooperative stores in all industrial establishments including plantations and mines employing 300 or more workers. The Industrial Truce Resolution, 1962 aimed at keeping prices of essential commodities through cooperative stores and fair price shops for workers.

**Labour Welfare – 7 Theories Constituting Labour Welfare Activities: Policing Theory, Religious Theory, Philanthropic Theory, Trusteeship Theory and a Few Other Theories**

The form of labour welfare activities is flexible, elastic and differs from time to time, region to region, industry to industry and country to country depending upon the value system, level of education, social customs, degree of industrialization and general standard of the socio-economic development of the nation.

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## Some Extra Information on Theories of Labour Welfare

**Seven theories constituting the conceptual frame work of labour welfare activities are the following:**

### **1. The Policing Theory of Labour Welfare:**

The policing theory is based on assumption that Human Being is so much selfish and always tries for own benefits whether on the cost of others welfare. Any of the employers will not work for the welfare of employees until he is forced to do so. This theory is based on the contention that a minimum standard of welfare is necessary for workers.

The assumption on which the theory is based is the without compulsion, supervision and fear of punishment, no employer will provide even the barest minimum of welfare facilities for workers this theory is based on the assumption that man is selfish and self-centered, and always tries to achieve his own ends, even at the cost of the welfare of others. This is based on the contention that a minimum standard of welfare is necessary for labourers. Here the assumption is that without policing, that is, without compulsion, employers do not provide even the minimum facilities for workers.

According to this theory, owners and managers of industrial undertakings get many opportunities for exploitation of labour. Hence, the state has to intervene to provide minimum standard of welfare to the working class.

### **2. The Religious Theory of Labour Welfare:**

This is based on the concept that man is essentially "a religious animal." Even today, many acts of man are related to religious sentiments and beliefs. These religious feelings sometimes prompt an employer to take up welfare activities in the expectation of future emancipation either in this life or after it. The theory views were an essentially religious. Religious feelings are what sometimes prompt employers to take up welfare activities in the belief of benefits either in his life or in support after life.

Any good work is considered an investment, because both the benefactor and the beneficiary are benefited by the good work done by the benefactor. This theory does not take into consideration that the workers are not beneficiaries but rightful claimants to a part of the gains derived by their labour.

### **3. The Philanthropic Theory of Labour Welfare:**

Philanthropy is the inclination to do or practice of doing well to ones fellow men. Man is basically self- centered and acts of these kinds stem from personal motivation, when some employers take compassion on their fellowmen, they may undertake labor welfare measures for their workers.



This theory is based on man's love for mankind. Philanthropy means "Loving mankind." Man is believed to have an instinctive urge by which he strives to remove the suffering of others and promote their well-being. In fact, the labour welfare movement began in the early years of the industrial revolution with the support of philanthropists.

#### **4. The Paternalistic or Trusteeship Theory of Labour Welfare:**

In this theory it is held that the industrialists or employers hold the total industrial estate, properties and profits accruing from them in trust for the workmen, for him, and for society. It assumes that the workmen are like minors and are not able to look after their own interests that they are ignorant because of lack of education. Employers therefore have the moral responsibility to look after the interests of their wards, who are the workers.

In other words, the employer should hold the industrial assets for himself, for the benefit of his workers, and also for society. The main emphasis of this theory is that employers should provide funds on an ongoing basis for the well-being of their employees.

#### **5. The Placating Theory of Labour Welfare:**

As labour groups are becoming better organized and are becoming demanding and militant, being more conscious of their rights and privileges than ever before, their demand for higher wages and better standards increases. The placating theory advocates timely and periodical acts of labour welfare to appease the workers.

This theory is based on the fact that the labour groups are becoming demanding and militant and are more conscious of their rights and privileges than ever before. Their demand for higher wages and better standards of living cannot be ignored. According to this theory, timely and periodical acts of labour welfare can appease the workers. They are some kind of pacifiers which come with a friendly gesture.

#### **6. The Public Relations Theory of Labour Welfare:**

This theory provides the basis for an atmosphere of goodwill between labour and management, and also between management and the public, labour welfare programmes under this theory, work as a sort of an advertisement and help an organization to project its good image and build up and promote good and healthy public relations.

The labour welfare movements may be utilized to improve relations between management and labour. An advertisement or an exhibition of a labour welfare programme may help the management project a good image of the company.

#### **7. The Functional Theory of Labour Welfare:**

The concept behind this theory is that a happy and healthy person is a better, more productive worker. Here, welfare is used as a means to secure, preserve and develop the efficiency and productivity of labour. The approach to any solutions, especially as that as between the workers and the management should be dialogue and an understanding of one another's viewpoint. Once agreement has been reached, compliance by both parties can be assured to a very great extent. This also called the efficiency theory.

This theory is a reflection of contemporary support for labour welfare. It can work well if both the parties have an identical aim in view; that is, higher production through better welfare. This will encourage labour's participation in welfare programmes.

### **Employee Welfare Funds**

Labour welfare refers to all the facilities provided to labour in order to improve their working conditions, provide social security and raise their standard of living. Majority of labour force in India is working in unorganized sector. In order to provide social security to such workers, Government has introduced Labour Welfare Fund to ensure assistance to unorganized labours.

Five different welfare funds, which are governed by different legislations, are administered by Ministry of Labour. The purpose of these welfare funds is to provide housing, medical care, educational and recreational facilities to workers employed in beedi industry and non-coal mines and cine workers.

**Schemes under welfare funds provide assistance with respective to the following:**

1. Public health and sanitation
2. Housing
3. Recreational (including standard of living)
4. Social security
5. Educational facilities
6. Water supply
7. Transportation
8. Medical facilities (prevention of diseases)
9. Social security-
  - i. Group Insurance Schemes for Beedi and Cine workers
  - ii. Social Security under Mine Workers Welfare Fund
10. Family welfare



The welfare funds are raised by government by imposing cess on manufactured beedis, feature films, export of mica, consumption of limestone and dolomite and consumption and export of iron ore, manganese ore and chrome ore.

### **Labour Welfare – Position in India**

The miserable conditions of labour are responsible for their low efficiency. The Indian workers are proverbially inefficient compared to their counterparts in the industrially developed countries. The lack of proper efficiency of labour in India is mainly due to the absence of welfare measures as are obtainable in the advanced countries.

The conditions of Indian workers were utterly deplorable. Since independence, an awakening about the welfare of workers is being noticed. The reasons are not far to seek. Ours is a developing country; rapid industrialisation of the country is of paramount importance.

It has been recognised on all fronts to give due consideration to labour as a factor of production to increase industrial productivity. Workers themselves are now more united. So, an atmosphere and environment is now prevalent in India which is conducive to providing various facilities to workers.

It is now an admitted fact that unless workers are given due attention and provided with all amenities, the country is sure to pay a high price for it – the pace of industrialisation has to suffer a set-back. So, the need for labour welfare is now accepted and measures are adopted by different agencies such as Governments, employers, trade unions to better off the lot of the workers through various physical amenities and legislative measures.

#### **1. Central Government:**

Ours is a welfare state wedded to the policy of doing welfare to the people of the country. For the economic rejuvenation of the country, the toiling masses must be taken care of, their lots must be improved. In this regard, the Government has an active role to play.

The Government has to come forward to bring about intellectual, physical, moral and economic betterment of the workers, so that their whole-hearted and willing co-operation may be readily available for the economic upliftment of the country. In our plan objectives, workers have been accepted as an essential part of the apparatus of industrial and economic administration of the country.

The Central Government has paid its attention to improve the conditions of workers. Various enactments have been promulgated to safeguard the interests of workers, to extend to them economic benefits and social security. The Factories Act, for example, is a bold attempt to extend various facilities to factory workers – their housing facilities, economic benefits, social securities and physical safety etc.



The Mines Act is another piece of legislation that aims at providing welfare to mine workers. So far as mines are concerned, Coal Mines Labour Welfare Fund has been instituted to boost the morale of coal mine workers under the Coal Mines Labour Welfare Fund Act. Similarly, Mica Mines Labour Welfare Fund and Iron Ore Mines Labour Welfare Fund have been created by specific Acts of the Central Government. Again, we find Plantation Labour Act for the welfare of plantation workers.

Besides the various Acts passed for the welfare of labour in mines, plantations and factories, the Central Government has kept its Labour Ministry alive to the conditions of workers. Measures have now been adopted to provide medical aid, legal and financial aid to workers under various schemes.

To ensure industrial safety, various precautionary measures have also been enforced. Prevention of the possibility of accidents has been one of the objectives of the Government's welfare measures and actually the incidence of accident has come down. The Government of India has introduced an industrial housing scheme for the accommodation of industrial workers. Social Security legislations such as The Workmen's Compensation Act, Maternity Benefit Act and The Employees' State Insurance Act have been in force.

## **2. State Governments:**

The State Governments in India were more or less indifferent to labour welfare prior to independence. But now various State Governments are very alive to the conditions of labour and are up and doing for the upliftment of the lots of the workers. There are popular governments in some states where workers are adequately taken care of.

Labour fronts of different political parties are now sufficiently strong to press the demands of workers to the Government and the link between the State Governments and the labour wings of political parties is so close that various facilities are now being made available to the workers through the State Government's machinery.

## **3. Employers:**

Employers in India today have started realising that they should identify their interest with those of the employees. No prudent management can now ignore the interests of their workers and expect to reap the benefits of higher labour productivity. So, for their own interest, employers are being compelled to adopt welfare measures for the workers.

There are only a few employers in India who have been sympathetic to labour welfare but others are extending various benefits to workers only under compulsion. Several industries such as cotton, jute, textile, engineering, sugar, cement, glass, chemical etc., have been brought under legislative measures to give facilities to the workers.

Without specifying the facilities provided by different industries either under legal compulsion or under union pressure, we can say that employers in India with their professional training background are becoming more and more conscious about the workers whom they now consider the most essential tool to gear up their organisational activities.

Employers who are still maintaining a negative attitude or an indifferent attitude towards workers are surely to pay for their foolishness. Days have changed. All over the world is the slogan for workers to unite. Moreover, employers who fail to understand the potentialities of the labour force, the fullest utilisation of which can bring miraculous results for the organisation, are sure to suffer.

#### **4. Trade Unions:**

Last but not the least important agent for the welfare of workers is the 'Workers' union. Conflicts between labour and capital existed since industrialisation, they still exist and will continue to exist. The complete harmony and amity between the two opposite-interest groups cannot be achieved.

Not only in India but nowhere in the world has industrial peace been ensured? Here is the role for the Trade Union to play in the matter of bargaining. Various facilities of different nature – economic, social, and cultural – are made available to workers by Trade Unions.

The Indian Trade Unions have not yet been able to do much to ameliorate the lot of their members. Their participation in this sphere has been mainly through their association with the Labour Welfare Advisory Committees constituted by the Governments. It is worthwhile to mention that trade unions in the textile industry (Textile Labour Association) and the Mazdoor Sabha have made provisions for various welfare facilities to the workers.

Educational and cultural upliftments through trade unions have been made possible. With the change in the attitude of the employers (many of whom are governments themselves), the nature of trade unions in India – from militancy to conciliatory – is now noticeable. Various welfare services are now made available to the workers through Trade Unions after the trade union leaders' direct discussions and deliberations with the employers across the table.

However, trade unions should take some measures for the welfare of workers. They should come forward to assist the employers and the Government in formulation and administration of welfare schemes. To find out the needs of the workers and to bring them to the notice of the employers should also come under the purview of trade union activities.

A modern Trade Union has to educate its members, organise for them various inexpensive programmes and to act as a watch-dog of workers' interests.

Trade Unions have, as a matter of fact, a great role to play for the welfare of the workers.





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## Collective Bargaining



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## **COLLECTIVE BARGAINING IN INDIA**

Collective bargaining has been defined by the Supreme Court ("SC") as "the technique by which dispute as to conditions of employment is resolved amicably by agreement rather than coercion". It is a process of discussion and negotiation between employer and workers regarding the terms of employment and working conditions. Workers are generally represented by trade unions with respect to expressing their grievance concerning service conditions and wages before the employer and the management. Refusing to bargain collectively in good faith with the employer is considered to be an unfair labour practice as per the provisions of the Industrial Disputes Act, 1947 ("IDA"). This is generally an effective system as it usually results in employers undertaking actions to resolve the issues of the workers. However, the legal procedure for pursuing collective bargaining in India is complicated.

### **Stages of Collective Bargaining in India**

#### **A. Charter of Demands**

Typically, the trade union notifies the employer of a call for collective bargaining negotiations. However, in certain cases the employer may also initiate the collective bargaining process by notifying the union(s).

The representatives of the trade union draft a "charter of demands" through various discussions and consultations with union members. The charter typically contains issues relating to wages, bonuses, working hours, benefits, allowances, terms of employment, holidays, etc. In an establishment with multiple unions the employer generally prefers a common charter of demands, but in principle, all unions may submit different charters.

#### **B. Negotiation**

As a next step, negotiations begin after the submission of the charter of demands by the representatives of the trade union. Prior to such negotiations, both the employer and the trade unions prepare for such negotiations by ensuring collection of data, policy formulation and deciding the strategy in the negotiations.

After such preparation, the negotiations take place wherein the trade unions and the employer engage in debates and discussions pertaining to the demands made by the trade unions.<sup>14</sup> In the event that such demands are rejected, the trade union may decide to engage in strikes.

The collective bargaining process obviously takes long where the employer has to engage with multiple unions. In the public sector, it may take months or even years. For example, the Joint Wage Negotiating Committee for the Steel Industry, covering workers in four large unions, took more than three years

from the date of the submission of the charter of demands to the Steel Authority of India Ltd. (SAIL).

### **C. Collective Bargaining Agreement**

Next, a collective bargaining agreement will be drawn up and entered into between the employer and workmen represented by trade unions. It may be structured as bipartite agreement, memorandum of settlement or consent award.

### **D. Strikes**

If both parties fail to reach a collective agreement, the union(s) may go on strike. As per the IDA, public utility sector employees must provide six weeks' notice of a strike, and may strike fourteen days after providing such notice (a 'cooling off period').

Under the IDA, neither side may take any industrial action while the conciliation is pending, and not until seven days after the conclusion of conciliation proceedings or two months after the conclusion of legal proceedings.

### **E. Conciliation**

A conciliation proceeding begins once the conciliation officer receives a notice of strike or lockout. During the 'cooling off period', the state government may appoint a conciliation officer to investigate the disputes, mediate and promote settlement. On the other hand, it may also appoint a Board of Conciliation which shall be appointed in equal numbers on the recommendation of both parties, and shall be composed of a chairman and either two or four members. No strikes may be conducted during the course of the conciliation proceeding.

Conciliation proceedings are concluded with one of the following recommendations:

- (i) a settlement,
- (ii) no settlement or
- (iii) reference to a labour court or an industrial tribunal.

### **F. Compulsory Arbitration or Adjudication by Labour Courts, Industrial Tribunals and National Tribunals**

When conciliation and mediation fails, parties may either go for voluntary or compulsory arbitration. In the case of voluntary arbitration, either the state or central government appoints a Board of Arbitrators, which consists of a representative from the trade union and a representative from the employer. In the case of compulsory arbitration, both parties submit the dispute to a mutually-agreed third party for arbitration, which is typically a government officer.



Arbitration may be compulsory because the arbitrator makes recommendations to the parties without their consent, and both parties must accept the conditions recommended by the arbitrator.

Section 7A of the IDA provides for a labour court or industrial tribunal within each state government consisting of one person appointed to adjudicate prolonged industrial disputes, such as strikes and lockouts. Section 7B provides for the constitution of national tribunals by the central government for the adjudication of industrial disputes that involve questions of national interest or issues related to more than one state. In such a case, the government appoints one person to the national tribunal and can appoint two other advisers.

If a labour dispute cannot be resolved via conciliation and mediation, the employer and the workers can refer the case by a written agreement to a labour court, industrial tribunal or national tribunal for adjudication or compulsory arbitration. A final ruling on the industrial dispute must be made within six months from the commencement of the inquiry. A copy of the arbitration agreement signed by all parties is then forwarded to the appropriate government office and conciliation officer pursuant to which the government must publish the ruling in the Official Gazette within one month from receipt of the copy.

## **Levels of Collective Bargaining in India**

In India, collective bargaining typically takes place at three levels:

**National-level industry bargaining** – common in core industries such as banks, coal, steel, ports and docks, and oil where the central government plays a major role as the employer. In these industries, the CTUOs do not typically provide any guidelines on a charter of demands, including an increase of wage or improvement of working conditions; instead, both sides – the government and trade unions – set up a “coordination committee” to engage in the collective bargaining proceedings. Collective bargaining in the public sector generally suffers if the position of the state government is different from that of the central government.

Pay scales for government employees at the national level are revised by Pay Commissions, and wage increases are determined by Wage Boards for several industrial sectors, such as journalists and other newspaper employees. Wage Boards are tripartite organizations established by the government to fix wages. They include representatives from workers, employees and independents. The SC recently upheld the Majithia Wage Board’s recommendations to raise salaries for journalists and non-journalists in print media, dismissing challenges by the management of various newspapers.

**Industry-cum regional bargaining** – peculiar to industries where the private sector dominates, such as cotton, jute, textiles, engineering, tea

plantation, ports and docks. Bargaining generally occurs in two stages: company-wide agreements are formed, which are then supplemented with regional (i.e. plant-level) agreements.

Basic wage rates and other benefits are usually decided at the company level, while certain allowances, incentives etc., are decided at the regional or plant level, taking into account the particular circumstances, needs etc., of the employees. However, such regional agreements are only binding on company management if the employers' association authorizes it in writing to bargain on its behalf.

**Enterprise or plant-level bargaining** practices differ from case to case because there is no uniform collective bargaining procedure. Typically, the bargaining council (or negotiating committee) is constituted by a proportional representation of many unions in an establishment. It is therefore easier for the management to negotiate with one bargaining agent if multiple unions at the company can form such a single entity.

If not, the management will then have to negotiate individually with each registered union. In the private sector, employers generally press for plant-level bargaining because uniformity of wage negotiation can be ignored and the bargaining power of trade unions can be reduced. Also, trade unions insist on plant-level bargaining because the payable capacity of the company is much higher and because labour issues can be resolved more quickly and easily. Trade unions can typically face a dilemma in decentralized plant-level bargaining if the business is having a managerial crisis from market failures or the management is reluctant to negotiate with the unions.

## **Collective Bargaining Agreements in India**

### **A. Types of Collective Bargaining Agreements**

In India, collective bargaining agreements are divided into three classes:

i. **Bipartite (or voluntary) agreements** are drawn up in voluntary negotiations between the employer and the trade union.

As per the IDA, such agreements are binding. Implementation is generally nonproblematic because both parties reached the agreement voluntarily.

ii. **Settlements** are tripartite in nature, as they involve the employer, trade union and conciliation officer. They arise from a specific dispute, which is then referred to an officer for reconciliation. If during the reconciliation process, the officer feels that the parties' viewpoints have indeed been reconciled, and that an agreement is possible, he may withdraw himself. If the parties finalize an agreement after the officer's withdrawal, it is reported back to the officer within a specified time and the matter is settled. However, it should be noted that the forms of settlement are more limited in nature than bipartite agreements,



because they must relate to the specific issues referred to the conciliation officer.

iii. **Consent awards** are agreements reached while a dispute is pending before a compulsory adjudicatory authority, and incorporated into the authority's award.

Even though the agreement is reached voluntarily, it becomes part of the binding award pronounced by the authority constituted for the purpose.

## **B. Contents of Collective Bargaining Agreements**

As a part of collective bargaining mechanism, employers and workmen represented by trade unions enter into collective bargaining agreements typically structured as memorandum of settlements which enumerate the various clauses that govern the relationship between the workmen represented by trade unions and employers.

The IDA, under section 18(1) of the IDA, provides that such settlements entered into between workmen represented by trade unions and employers would be binding upon the parties.

Typically, clauses in the memorandum of settlement pertain to the following:

- ✓ Term / Duration of the memorandum of settlement as may be agreed between the parties
- ✓ Settlement terms which, typically, may be with respect to wages, benefits, allowances, arrears with respect to payment to workers, concessions, works hours, overtime etc.
- ✓ Conditions with respect to strikes and lockouts by trade unions and employers respectively
- ✓ Obligations of workmen
- ✓ Obligations of employer
- ✓ Penalties with respect to non-compliance of the obligations of workmen and employers
- ✓ Dispute resolution
- ✓ Miscellaneous clauses including severability, notice, etc.



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## **Laws Governing Trade Unions in India**

In India, the right to form and join a trade union, and engage in collective bargaining is provided for under national and state-specific legislations. Time and again, the courts have upheld the right of workers to form or join a trade union in India.

### **I. Constitution of India, 1950**

Article 19(1)(c) of the Constitution of India, 1950 ("Constitution") which envisages fundamental right to freedom of speech and expression also guarantees the country's citizens the right "to form associations or unions" including trade unions.<sup>34</sup> The SC has held that the right guaranteed in Article 19(1)

(c) also includes the right to join an association or union. This right carries with it the right of the State to impose reasonable restrictions.

Furthermore, it has been established that the right to form associations or unions does not in any manner encompass the guarantee that a trade union so formed shall be enabled to engage in collective bargaining or achieve the purpose for which it was formed.

The right to recognition of the trade union by the employer was not brought within the purview of the right under Article 19(1)(c) and thus, such recognition denied by the employer will not be considered as a violation of Article 19(1)(c)<sup>38</sup>.

The various freedoms that are recognized under the fundamental right, Article 19(1)(c), are:

- i. The right of the members of the union to meet,
- ii. The right of the members to move from place to place,
- iii. The right to discuss their problems and propagate their views, and
- iv. The right of the members to hold property.

### **II. Trade Unions Act, 1926**

The Trade Unions Act, 1926 ("TU Act") provides for formation and registration of trade unions and in certain respects to define the law relating to registered trade unions. The TU Act defines a trade union as "any combinations, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business, and includes any federation or two or more trade unions."

All workmen have the right to form a union or refuse to be a member of any union.

However, not all workers' organizations are considered trade unions. For example, the Madras High Court has held that an association of sub-magistrates of the judiciary, tahsildars, etc., is not a trade union because the members are engaged in sovereign and regal functions of the government.

### **A. Recognition and Registration**

Although no specific right is granted to any trade union with respect to the right to be recognized, it has become crucial in India to develop a mechanism wherein a trade union is recognized formally by the employer.

Recognition is the process through which the employer accepts a particular trade union as having a representative character and hence, will be willing to engage in discussions with the union with respect to the interests of the workers. This process is important so as to ensure smooth collective bargaining and stability of industrial relations.

On the other hand, registration of a trade union carries certain inherent benefits with it. A registered trade union is deemed to be a body corporate, giving it the status of a legal entity that may, inter alia, acquire and hold property, enter into contracts, and sue others. A registered trade union is also immune from certain contractual, criminal and civil proceedings. However, registration is optional and not mandatory.

Generally, registration of trade unions under the TU Act does not automatically imply that a particular trade union has gained recognition status granted by the employer.

Unless different Indian states have specific legal provisions pertaining to recognition of trade unions, it is generally a matter of agreement between the employer and trade union.

Ideally, a trade union must obtain legitimacy through registration under the TU Act and then seek recognition as a sole bargaining agent either under the appropriate law or an employer-employee agreement.

### **B. Registration Process**

The TU Act provides for the registration of trade unions with the Registrar of Trade Unions in the concerned territory ("Registrar") but such registration is not compulsory.

It is also possible for more than one trade union to be registered in relation to the same employer. Registration requires that at least seven members subscribe to the union rules.

In addition, at least 10% of the workforce or 100 workers, whichever is less, engaged or employed in the establishment, must be members of the trade union connected with such establishment at the time of application. Registration of a trade union is subject to the Registrar's satisfaction that all primary requirements of the TU Act have been complied with. The Registrar, in deciding



whether to grant registration, must base its decision on whether the technical requirements of registration are being fulfilled, and not whether the trade union could be described as lawful. If the Registrar fails to register a trade union within three months of application, an appeal can be made to the High Court under Article 226 of the Constitution.

### **C. Process of Recognition of Trade Unions**

Some Indian states have enacted legal provisions setting forth rules and principles for the recognition of trade unions, each with their own criteria. It is pertinent to note that there is no law at the national level for recognition of trade unions in India. Although there is a proposal in the pipeline which will allow trade unions to make an application for being recognized by the central or state governments. The various state legislations governing trade unions are as follows:

- ✓ Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971
- ✓ West Bengal Trade Unions Rules, 1998
- ✓ Kerala Recognition of Trade Unions Act, 2010
- ✓ Orissa Verification of Membership and Recognition of Trade Union Rules, 1994

Generally, these rules provide that a union shall be recognized by the employer as the sole bargaining agent of a group of workers if it receives a specified minimum percentage (usually a majority) of these workers' votes via secret ballot, organized by the Registrar.

However, every trade union receiving a smaller minimum percentage of votes (fifteen or ten percent, depending on the type of industry) shall also be recognized as constituents of a joint bargaining council as in the case of Kerala trade unions.

At present, recognition of trade unions functioning in industrial establishments is regulated under the provisions of the voluntary 'Code of Discipline' ("Code") and the 'Criteria for Recognition of Unions' appended to the Code adopted by the Standing Labour Committee in its 16th Session in 1957 and subsequently ratified by the representatives of Employers and CTUOs at the 16th Session of the Indian Labour Conference, held in 1958. The Code is a set of guidelines mutually and voluntarily accepted by all parties to maintain discipline in industry, both in public and private sectors. Clause III (vii) of the Code states that the management agrees to recognize the Union in accordance with the criteria evolved in the Code.

### **III. Industrial Disputes Act, 1947**

The IDA also deals with trade unions in the manner that it regulates the rights of employers and employees in the investigation and settlement of industrial disputes.

It provides for collective bargaining by negotiation and mediation and, failing that, voluntary arbitration or compulsory adjudication with the active participation of trade unions. As per the IDA, a settlement arrived at through collective bargaining is binding. Two types of settlements are recognized:

- i. Those reached in the course of conciliation proceedings before the authority – such settlements bind members of the signatory union as well as non-members and all present and future employees of the management.
- ii. Those reached outside the course of conciliation proceedings, but signed independently by the parties to the settlement – such settlements bind only those members who are a signatory or a party thereto.

Furthermore, the Industrial Employment (Standing Orders) Act, 1946 (“IESOA”) also contains certain provisions pertaining to trade unions. The IESOA regulates and codifies the conditions of service for an industrial establishment employing at least 100 workmen. As per the IESOA, an employer to which the IESOA applies is required to draft and adopt standing orders defining its employees’ conditions of employment. As per the IESOA a registered trade union (or worker, if no registered union exists) must review and may object to the draft standing orders before it is certified by an officer.

### **Right to Strike**

The IDA defines a “strike” as “a cessation of work by a body of persons employed in any industry acting in combination or a concerted refusal, or a refusal under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment”. In India, there is no specific right to strike.

Instead such right flows from the fundamental right to form a trade union contained in Article 19(1)(c) of the Constitution, which, like all fundamental rights, is subject to reasonable restrictions. In *All India Bank Employees Association v. N.I. Tribunal*, the SC held, inter alia, that “the right to strike or right to declare lockout may be controlled or restricted by appropriate industrial legislation and the validity of such legislation would have to be tested not with reference to the criteria laid down in clause (4) of Article 19 of the Constitution but by totally different considerations.”

Therefore, legislation can and does restrict the right to strike by deeming certain strikes illegal. The IDA restricts strikes and lockouts equally. Various restrictions are contained in sections 22, 23, 24, 10(3) and 10A(4A) of the IDA. Furthermore, the IDA also lays down certain activities that may be deemed as “unfair labour practices of workers or workers’ trade unions pertaining to strikes such as advising or actively supporting or instigating any illegal strike or staging demonstrations at the residence of the employers or managerial staff members.



It should be noted that a strike that was in existence at the time of reference to a board, arbitrator, court or tribunal may be continued, provided it was legal at the time of its commencement. Furthermore, a strike staged in response to an illegal lockout shall be legal.

A worker who is involved in an illegal strike may be penalized with imprisonment of up to a month and/or fine. As per the IDA, no person shall provide any sort of financial aid to any illegal strike. Any person who knowingly provides such a help in support of any illegal strike is punishable with imprisonment up to six months and/or fine.

Another consequence of an illegal strike is the denial of wages to the workers involved.

Furthermore, the SC has held that workers shall only be entitled to wages during a strike which is not only legal, but also “justified”.

A strike shall be deemed unjustified where “the reasons for it are entirely perverse and unreasonable...[which is] a question of fact, which has to be judged in the light of the fact and circumstances of each case... the use of force, coercion, violence or acts of sabotage resorted to by the workmen during the strike period which was legal and justified would [also] disentitle them to wages during the strike period.” The SC has also held that whether or not a strike is “unjustified depends on such factors as “the service conditions of the workmen, the nature of demands of the workmen, the cause which led to the strike, the urgency of the cause or the demands of the workmen, the reason for not resorting to the dispute resolving machinery provided by the IDA or the contract of employment or the service rules and regulations etc.”

In recent times, trade unions have been engaging in aggressive collective bargaining tactics by staging strikes. The Indian automotive industry has seen considerable number of strikes backed by trade unions that have caused major slump in the earnings of the various companies. For instance, Honda Motorcycle and Scooter India lost a total of Rs. 1.2 billion as three thousand workers and supporters went on strike against the company. Even Maruti Suzuki faced a fall in their production capacity and huge losses in 2012 due to trade union backed violence at one of their plants that consequently led to shutting down of the plant temporarily. The company was only able to reach 10% of their original production capacity after reopening of the plant.

There has also been a great amount of unrest due to the labor reforms that have been introduced by the government in various industries such as the coal and insurance.

This is mainly due to the ordinances that have been issued by the Indian government pertaining to de-nationalization and privatization of these sectors in various ways.



For instance, the government passed the Coal Ordinance (Special Provisions) Bill, 2014, which focuses on reallocating the various coal blocks through e-auction process. This caused various trade unions of Coal India Ltd. and Singareni Collieries Company Ltd. to initiate a five day strike that is said to have a future impact on the power sector despite these various companies having stepped up their supplies of coal to the various sectors so as to limit disruption of work.

Furthermore, it appears that the trade unions in the Insurance sector are preparing for strikes on similar lines due to the reforms pertaining to the hike in FDI and disinvestment in the Insurance sector.

Trade unions also seem to be seeping into the information technology sector / services sector and are predicted to gain a strong foothold in the sector. Traditionally, the services sector has remained untouched by any trade union activity. Tata Consultancy Services Ltd., recently, met with great opposition from various central trade unions such as CITU and INTUC with respect to their move to terminate the employment of a number of their employees.

The proposed recent amendments to the various labor laws by the central government and the state governments, more specifically, the government of the state of Rajasthan, are said to impact workers immensely. The proposed amendments mainly pertain to (i) allowing industrial establishments employing up to 300 workmen (which threshold is 100 workmen currently) to terminate workmen without availing the prior permission of the government (ii) raising the threshold of number of workmen as contract labour for the purpose of applicability of the Contract Labour (Regulation and Abolition) Act, 1970 from 20 to 50 (iii) raising the threshold of number of employees for the purposes of applicability of the Factories Act, 1948 from 10 to 20 (in factories where work is being carried out with the aid of power) and from 20 to 40 (in factories where work is being carried out without the aid of power) (iv) raising the minimum membership from 10% to 30% with respect to registration as a trade union under the Trade Unions Act, 1926 (v) introducing a limitation period of 3 years with respect to raising industrial disputes.

The abovementioned proposed reforms are said to encourage strikes by the various trade unions since workers may be adversely affected by these reforms. In fact, various trade unions have already engaged in opposition and nationwide protests against these reforms.

It is yet to be seen whether these reforms will continue to be implemented or will succumb to the demands of the trade unions.

**Trade Unions in the Information Technology Sector** The Forum for IT Employees (FITE), a Tamil Nadu based organization became India's first registered trade union in the Information Technology (IT) and Information Technology Enabled Services (ITES) sector in October 2017. The formation of FITE was instigated by the mass layoffs witnessed in the sector during 2014. On November 7, 2017,

the Labour Department of the State of Karnataka registered the first trade union in the State which exclusively caters to the interests of technology sector employees. The trade union has been registered under the provisions of the TU Act and the Karnataka Trade Union Regulations, 1958. Within a span of two years, the Karnataka State IT/ITeS Employees Union (KITU) has initiated several state-wide strikes and voiced their concerns on issues related to working conditions and wages of IT/ITES employees and are rapidly gaining momentum. In early 2018, another trade union for technology sector employees was registered in the State of Maharashtra. In June 2019, it was reported that the Kolkata Forum for IT Employees applied to the West Bengal government for trade union registration in the IT/ITeS, Business Process Outsourcing (“BPO”) and Knowledge Process Outsourcing (“KPO”) industry. This made West Bengal the fourth Indian state where IT employees have successfully unionized.

Although West Bengal’s technology sector is relatively small compared to Karnataka, Tamil Nadu and Maharashtra, this development signifies the rapidly growing trend of unionization in the technology sector and it is likely that more states will follow suit in the coming years. Presently, out of approximately 4 million technology sector employees spread across the country, Bangalore (city in Karnataka) houses approximately 1.5 million employees in the technology sector.

Pune (city in Maharashtra) also has offices of most of the major technology sector players.

Accordingly, the formation and registration of sector-specific employee trade unions in these technology hubs is a significant development in the sector. Up until now, unionization in India was largely limited to traditional sectors, especially the manufacturing sector. With this development, technology sector employees are likely to have assistance of unions to voice their concerns over various issues like, wages, termination of employment, conditions of work etc. To that extent, employers in the technology sector will need to be careful in devising and more importantly implementing their HR policies.

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